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P19

**TRAVEL**  
Madras: A jewel in the crown  
P15

**WORLD NEWS**  
**PM rejects Argentina go-between**

The Prime Minister, speaking after meetings in Rome with Italy's Premier Bettino Craxi, ruled out the need for mediation by a third country in re-establishing links between Britain and Argentina.

Mrs Thatcher said she would prefer Britain to have direct contacts with Argentina.

Despite suggestions that Sir Craxi might act as a go-between, he said he was limiting himself to expressing his opinions as a friend to both governments.

**Rapid deployment plan**

U.S. officials said the Reagan Administration was planning to renew efforts to provide Jordan with equipment for an 8,000 strong "rapid deployment force" for use in Arab Gulf states.

**French Chad advance**

France moved its troops 50 miles further north in Chad and ordered them to engage any hostile forces in the area. Page 2

**Times fails to appear**

The Times failed to appear for the second day as print union Sogat '82 made official the dispute over duties in the library. Page 6

**Thatcher backs Prior**

Mrs Thatcher said she supported Northern Ireland Secretary James Prior's decision not to resign over the Hemmisy report on the Maze breakout. Page 5

**Floods close roads**

A slow thaw in northern Britain eased arctic conditions but flooding closed six Tayside roads in eastern Scotland and roads in Wales and the Hereford area were under water.

**Turkey jails Marxists**

A martial law tribunal in Istanbul jailed 102 members of Marxist group the Turkish Workers Party.

**Abortion legalised**

Portugal's parliament made abortion legal in limited cases, following noisy street demonstrations in Lisbon for and against. Page 3

**Honduras manoeuvres**

Honduras's armed forces said about 2,900 U.S. and 5,000 Honduran soldiers will carry out joint manoeuvres next week centred on the eastern town of San Esteban.

**Speed man killed**

Gary Gabelich, former land speed record holder, was killed when his motorcycle hit a lorry in Los Angeles. His 1970 record of 632 mph was beaten last October by Briton Richard Noble's 633 mph.

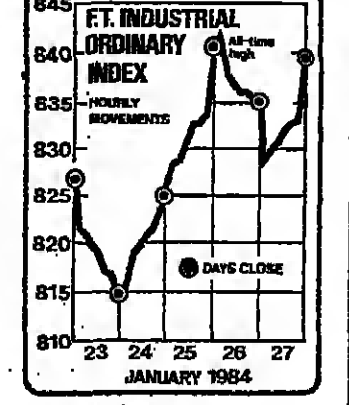
**BUSINESS SUMMARY**  
**Bristol seeks £55m to ease debt**

BRISTOL City Council unveiled plans to raise a loan of about £55m on the London money market to deal with a financial crisis caused mainly by the soaring costs of its Avonmouth port complex.

The loan, to allow Bristol to restructure its debts, would be for three years, pending sale of up to £100m of the city's capital assets. Back Page

**REUTERS: The Government will not intervene in the proposed Stock Exchange flotation of the news agency, Information Technology Minister Kenneth Baker told the Commons. Page 4**

**EQUITIES rallied from lower opening levels. The FT Industrial Ordinary index, 6.4 points down at 10 am, gradually recovered to close 4.4 higher on**



the day at 839.5 following after-hours gains—only a point short of Wednesday's record. The FT Actuaries All-Share Index rose 0.2 per cent yesterday to a best-ever 504.73. Page 28

**INSOLVENCY law reform is to be given priority over proposals to implement the Gower report on investor protection in the Government's legislative programme. Back Page. Liquidations at record. Page 5**

**CHILE'S insistence on a modest economic rebalancing is meeting strong resistance from the International Monetary Fund. Page 2**

**OIL: Spot market prices for Brent Blend crude, the North Sea reference, overtook the official rate of \$30 a barrel for the first time since mid-October. Page 4**

**SCOTT LITHGOW: Backroom talks have been taking place between the Government and industry to find a buyer for the lower Clyde yard, which is expected to close by the summer with the loss of all 4,000 jobs. Page 5**

**CRANE-HIRE drivers' shop stewards in Scotland and the North are to press for a national strike in the industry from February 14. Page 6**

**CINCINNATI Milacron of the U.S., the world's biggest machine tools producer and a major supplier of industrial robots, plans to begin manufacturing robots in Austria by July this year. Page 2**

**HYMAC, the South Wales excavator maker that went into receivership last November, made its remaining 87 employees redundant and is likely to be put into liquidation on Monday. Page 4**

**COASTAL, U.S. refining, marketing and gas transmission group, launched a \$68 (£48.3) share takeover bid for Houston Natural Gas, oil and gas pipeline operator. Page 27**

**Ministers agree plan for £10bn sell-off**

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

SENIOR CABINET Ministers have agreed a programme to sell off state assets worth about £10bn during the next five years.

The powerful E (Economic) committee of the Cabinet has approved an outline timetable for disposals or injections of private capital, which include about a dozen enterprises including British Gas and the electricity industry.

However, Ministers did not make a choice this week between the series of options presented to them for splitting up and privatising gas and electricity. These will be considered later this year, with a view to preparing the necessary legislation within two to three years.

It was agreed that British Gas should not be sold off as one block in its present form, though such a sale was urged by Sir Denis Rooke, British Gas chairman.

The electricity industry, with capital assets worth about £26bn, is considered far too big to put into the private sector as a single concern.

It is conceded in Whitehall that many difficult problems remain in deciding how to privatise gas and electricity, and in devising a form of regulation for them.

It seems likely that a fierce rearguard action may be fought on these specific issues by those in Whitehall and the industries who may still have doubts about the wisdom of turning parts of these big monopolies over to the private sector.

For this reason the programme for privatising electricity is at the bottom of the present list, with gas a somewhat higher priority.

A consensus appears to have emerged among Ministers that the distribution networks for gas and electricity are natural public monopolies and should remain in public hands.

The options for gas would be:

- To leave the basic distribution and area network in public hands, but hive off as much of the gas showrooms as possible, to encourage further private-sector supply of gas and encourage the network to carry gas between private suppliers and the customers.
- To split the corporation into several regional companies which could compete for gas from private suppliers, using the public network of gas mains.

The options for electricity would be:

- To split the Central Electricity Generating Board into three, four or five independent private companies, not necessarily on a regional division.
- These suppliers would compete to sell power to independent area boards dealing with the consumer. Most of these boards would probably remain in the public sector.
- To privatise the area boards and give each a selection of power stations. Each board would need to own power stations in different parts of the country to ensure that each had a "mix" between large, small, nuclear, coal- and oil-powered plants.
- The national grid would supply power to each board from satellite stations and enable the boards in trade in power with each other.
- One of the thorniest remaining problems is how regulatory bodies could ensure a fair deal for both consumers and investors while overseeing the process.

Continued on Back Page

**U.S. trade deficit hits record \$69bn and could top \$100bn**

BY STEWART FLEMING IN WASHINGTON

THE U.S. trade deficit hit a record \$69.4bn (£49.32bn) in 1983 and could rise above \$100bn this year, Mr Malcolm Baldrige, the Commerce Department secretary, warned yesterday.

The Reagan Administration is concerned at the deterioration from a \$42.7bn deficit in 1982. Some U.S. manufacturers are suffering erosion of their share of world markets and the combination of a 5.9 per cent rise in the value of imports and a 5.5 per cent decline in exports last year has helped slow the recovery to the growth of the domestic economy.

The Commerce Department has estimated that in the fourth quarter the poor trade performance may have knocked as much as 2 per centage points off the quarterly increase in the real growth of gross national product.

Domestic demand was so strong last year that the weak trade performance did not have a particularly striking effect on the economy as a whole. But there are fears that with the economy apparently poised for its normal slowdown in the second year of a recovery, the deterioration in the trade accounts could become a serious drag on economic activity if it continues at its present pace.

The expected length of such a deterioration is questionable. In the fourth quarter of last year the trade deficit was already running at an annual rate of about \$90bn. Chase Econometrics expects it to remain between \$90bn to \$100bn. Goldman Sachs Economics is predicting a deficit this year of about \$113bn. Many economists expect the trade picture to deteriorate in the first half of the year before improving slowly in the second.

There were some signs of a stabilisation in the month. The December trade deficit, the Commerce Department said, was \$6.3bn compared with the record \$8.9bn reported in October.

The improvement needs to be treated with some caution, however, for the bulk of it reflects a deterioration in the trade account for petroleum products and crude petroleum trade which was \$8.3bn in October but down to \$6.5bn last month.

Mr Richard Young of Chase Econometrics pointed out that there was some evidence that the earlier deterioration in the manufactured goods trade account levelled off in the fourth quarter. The combination of a slower pace of U.S. economic expansion and the stronger economic recovery which seems to be taking place in some industrialised countries should help to limit the extent of any further deterioration in the trade deficit, he said.

There are however many uncertainties, including the value of the dollar on the foreign exchanges. Mr Donald Reagan, U.S. Treasury Secretary, suggested this week he would like to see it lower. The dollar's strength has been an important factor, along with the tendency of the U.S. to attract imports as the economic upturn proceeded, contributing to the deterioration in the trade picture. Many economists trace the link back to the high budget deficit and associated high nominal interest rates.

The debt problems of developing countries, particularly in Latin America have also had a serious impact on the trade balance. Latin American imports have shrunk from 15 per cent of U.S. exports to 9 per cent between 1981 and 1983.

For 1983 as a whole, U.S. exports fell 5.5 per cent to \$200.5bn, while imports rose 5.9 per cent to \$270bn. In December, exports were \$17.2bn, up from \$16.8bn in November while imports were \$23.5bn down from \$24.2bn in November.

U.S. deficit may hit recovery. Page 2

**Pleasurama in Associated Leisure bid**

BY CHARLES SATCHELOR

PLEASURAMA, the casinos group, is making no agreed £65.3m cash and shares bid for Associated Leisure, the fruit machine, coach holiday and hotel concern.

Mr George Martin, Pleasurama managing director, said when the bid was announced yesterday: "This opens up new vistas. We would not rule out an expansion of the coach and hotel operations."

Mr Nat Solomon, Associated Leisure managing director, said: "We will do better more quickly under Pleasurama. We were an awkward, intermediate size—big enough to attract outside interest but not big enough to be immune to a hostile bid."

Pleasurama is offering one of its own 5p shares and 44p in cash for every five Associated Leisure shares. At Pleasurama's closing price of 32p yesterday—3 a fall of 2p—this values each Associated Leisure share at 132.4p. Associated Leisure shares fell 3p yesterday to 147p—5.4p below the offer price.

Pleasurama will issue about 8.3m shares to fund the deal and pay about £36.6m cash. The Associated directors, who own 4.4 per cent of their company's shares, are recommending that shareholders accept.

The bid announcement comes six weeks after Pleasurama's £56m offer for Trident Television, another leading casino operator, was blocked by the Monopolies and Mergers Commission.

Associated Leisure is Britain's largest renter of coin-operated amusement machines with 25,000 fruit machines, juke boxes, pool tables and video machines installed in pubs and clubs around the country. It estimates it has a 20 per cent share of the coin-operated machine market.

Associated Leisure shares are expected to contribute 60 per cent of this year's profits which analysts estimate will be around £7.5 pre-tax. In the first half of 1983 it made a profit of £3.7m on turnover of £30.5m. At January 2, 1983 it had net assets of £17.4m. Two years ago Associated went into coach holidays and now carries 260,000 holiday-makers a year.

Mr Martin said Grand Metropolitan, the casino and leisure group which has 29.9 per cent of Pleasurama, making it the largest shareholder, had been told of the proposed deal and could "see the sense of it."

The Gaming Board, which regulates Associated's fruit machines and Pleasurama's casinos was "relaxed" about the link-up. Lex, Back Page

**Doubts on British rebate from EEC**

BY IVO DAWNAY IN BRUSSELS

THE EUROPEAN Commission's financial controller is seeking a repayment of 775m European currency units from the UK in a move which adds a new twist to the acrimonious debate over Britain's rebate from the EEC budget.

The sum, coincidentally almost exactly equivalent to Britain's £475m rebate claim for 1983, is sought as a reimbursement of Community payments to UK dairy producers in 1978-1979.

Sir Carlo Facini, the financial controller, said the money should be returned because there were "irregularities" in the system of payments made by the Milk Marketing Board.

His report will be examined by the EEC Commissioners within the next fortnight.

Officials of the Commission's legal and agricultural departments are understood to dispute its findings, which could give Commissioners the option of ignoring the demand for repayment.

Nevertheless, a row could develop over the issue, which seems likely to be pursued by those strongly opposed to Britain's budget rebate claim.

The first revelations of the financial controller's findings came yesterday in La Lettre Europeenne, a French-language newsletter, under the headline "Incredible but true! How to repay Maggie without paying a sou."

The Agriculture Ministry said last night that it was considering its response. The Milk Marketing Board refused comment.

The roots of the financial controller's claim lie in a long-standing row over the Milk Marketing Board's multi-tiered pricing system for milk. This allows different rates of support for producers depending on the end-use of their milk.

The criticism by other EEC countries has been taken up by the European Commission, which is contesting the legality of the UK's system through two cases lodged with the European Court.

If the court finds against Britain, further reimbursement may be sought for the years since 1979.

The Foreign Office said last night: "The Government does not accept that there were any irregularities in respect of the Milk Marketing Board, but is discussing with the Commission a number of points raised by them."

The view in Whitehall is that there can be no connection between the alleged overpayments and Britain's budget rebate for 1983.

**Brazil signs \$28bn rescue package**

By William Hall in New York

BRASIL YESTERDAY completed a \$28bn (£20bn) rescue package aimed at ensuring it can survive 1984 without asking its creditor banks for yet more money.

Mr Bill Rhodes, senior vice-president of Citibank, who leads the 14-strong Brazil advisory committee, said "what work on the rescue package started last summer is called 'Mission Impossible' in many people around the world."

Then two months ago 50 people thought Brazil would raise \$5bn of "new money" from Mr Rhodes. "Today we're at \$28bn and the public are still saying 'Mission Impossible'."

In addition to the \$26.5bn of Brazil's re-financing package includes re-evaluating \$3bn, 1984 maturities, a re-estimate of \$10bn of trade finance line, at about \$6bn of interbank line.

'New money'

The signing of the rescue package was delayed because of the difficulty in getting creditor banks to contribute to the \$8.5bn target for "new money."

Citibank declined to say how many banks had refused to join the \$8.5bn loan, the largest ever raised by a sovereign borrower in the Euromarkets.

The initial \$3bn disbursement will take place within the next few weeks.

Its immediate impact will be to wipe out the \$1.7bn of arrears on Brazil's unsecured debt. The country is about 9 days late with its payments.

Senior Finance Minister Euzébio de Almeida said his country would total \$25bn and imports would total \$16bn this year making \$9bn trade surplus, although Brazil's economic recovery depended very much on the "continued pickup in international trade," Mr Rhodes said.

He expected the growth of OECD cross-national product to come close to 3 per cent this year and this was important. Brazil were to reach its trade surplus target.

IMF resists Chilean plan for rebalancing. Page 2

**Nigeria debt group formed**

BY QUENTIN PEEL

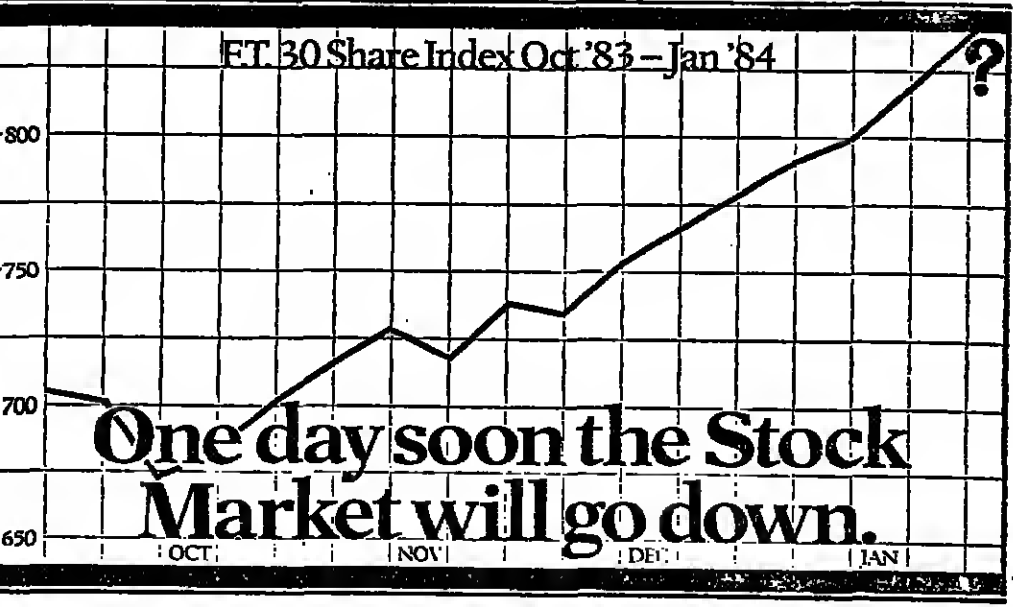
MORE THAN 50 companies exporting to Nigeria, and several trading associations representing smaller concerns, yesterday formed a 10-member steering committee to negotiate with the Nigerian Government on rescheduling outstanding trade bills.

The group includes British, other European, U.S. and Japanese manufacturers and trading houses. It intends to approach the Nigerians next week for talks on the country's arrears in trade payments, currently estimated to total \$6bn (£4.5bn).

A meeting of the exporters was held in London yesterday at the offices of Morgan Grenfell, the British merchant bank, a member of the steering committee. The bank was appointed financial adviser. Further meetings of potential members are expected to be held in several European capitals.

The group is seeking to negotiate terms with the Nigerians on unfinished trade debts. These are estimated to represent more than half the \$6bn outstanding.

A Nigerian delegation spent the past week in Europe meeting British, French and West German officials to discuss re-financing of about \$2bn in payments covered by their respective export credit agencies.



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Y234.25  
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FF 3.635 (3.6176)  
SwFr 2.2475 (2.2375)  
Y234.25 (234.05)  
Trade-Weighted 131.8 (131.5)  
Tokyo close Y234.25

**U.S. LUNCHEXTIME RATES**  
Fed Funds 8 1/2 %  
3-month Treasury Bills:  
8.9 %  
Long Bond: 107 1/4  
Yield: 11.69

**GOLD**  
New York Comex Feb Latest \$370.  
London: \$369.375 (\$367.375)

Chief price changes yesterday, Back Page

**STERLING**  
New York Luncetime \$1.406  
London: \$1.4035 (1.407)  
DM 3.9625 (3.96)  
SwFr 3.1575 (3.15)  
FF 12.1025 (12.12)  
Y329 (329.5)  
Trade-Weighted 81.9 (82)

**LONDON MONEY**  
3-month interbank:  
mid rate 9 1/2 % (9 1/2 %)  
3-month eligible bills:  
buying rate 8 1/2 % (8 1/2 %)

**STOCK INDICES**  
FT 100 Ord 839.5 (+4.4)  
FT-A All Share 504.73 (+0.2 %)  
FT-A long gilt yield index:  
High coupon 10.21 (10.18)  
New York Luncetime:  
DJ Ind Av 1,225.29 (-4.4)  
Tokyo:  
Nikkei Dow (10,180.95 (+1.3))

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# Kohl faces test in handling Kiessling case

BY RUPERT CORNWELL IN BONN

CHANCELLOR Helmut Kohl leaves home this weekend for his taxing visit to Israel to face delicate decisions: whether to dismiss his beleaguered Defence Minister Herr Manfred Woerner, and if so, how to replace him with the least disruption possible.

The two men are due to meet on Monday, and for the time being official spokesmen are still rejecting suggestions that Herr Woerner's handling of the "Kiessling affair" will force him out of his job.

Few observers hold out much hope that the Minister can survive. Instead, speculation yesterday shifted to his possible successor—and whether he might be Herr Franz-Josef Strauss. Herr Kohl's rival and leader of the Bavaria-based CSU.

Earlier this week in Israel, the Chancellor described as "rubbish" talk that he was contemplating replacing Herr Woerner. A defence ministry spokesman yesterday moreover insisted that Herr Woerner intended to ride out the storm and stay on.

But if Herr Kohl is obliged to change his mind, then his main task will be to avoid a wholesale reshuffle that might increase the influence of Herr Strauss.

However the departure of Herr Woerner, who belongs to the Chancellor's CDU party, would increase demands for the immediate resignation of Count Otto Lambsdorff, the Economics Minister, as well.

Count Lambsdorff, a key figure in the Free Democrat (FDP) coalition partners, is under indictment for having taken bribes from the Flick industrial concern. Although he denies all charges, he would have little choice but to resign should the case come to court.

Strauss denied making such remarks, the episode has added to political jitteriness.

The credibility of Herr Woerner has been heavily weakened by the disclosure of his meeting at the Defence Ministry last Friday with the ex-editor of a Swiss magazine for homosexuals at which a senior adviser to the Chancellor, was also present.

The ex-editor, M Alexander Ziegler, claimed to have evidence of the homosexual leanings of Gen Günter Kiessling. It was for this reason that Herr Woerner ordered the general's dismissal last December, on the grounds he was a security risk.



Woerner... credibility weakened

# IMF resists Chile plan for reflation

By Robert Graham

CHILE'S INSISTENCE on a modest reflation of its depressed economy is meeting strong resistance from the International Monetary Fund. The Fund has delayed approval for Chile's plans to raise the public sector deficit and this in turn is creating doubt about the amount of fresh money the latter will have to borrow in 1984.

A team from the Fund is currently in Santiago attempting to reach a compromise agreement. The team is also there to monitor Chile's economic performance in order to permit the drawing in February of a \$RD54m (\$40m) tranche of a standby facility agreed last January.

The Chilean Government wants to raise the public sector deficit from 2.3 per cent of GDP to 5 per cent. It argues that the three-year-old recession is bottoming out and that a further injection of public sector funds is essential to stimulate recovery, according to a Central Bank of Chile spokesman. In 1982 the Chilean economy declined 14 per cent and last year on provisional estimates it declined a further 4-5 per cent. However, in the last quarter officials maintain the decline was halted and there are now signs of positive growth.

The IMF is understood to be concerned at the sharp increase sought in the public sector deficit. In March last year the Fund reluctantly permitted Chile to raise the public sector deficit from 1.7 per cent of GDP to its current 2.3 per cent.

At the same time the price of copper, which underpins the Chilean economy, has fallen below 70 cents per pound. Originally Chile had calculated its 1984 spending on a copper price of 82 cents per pound. This now means that Chile's fresh international borrowing needs will be around \$1bn. This year Chile is due to pay \$1.8bn in interest on its foreign debt of \$18bn.

Ecuador has reached an agreement with the steering committee of its creditor banks to reschedule \$300m of foreign debts falling due in the first half of this year. Sr Pedro Pinto, the Finance Minister, said, Renter reports from Quito.

# Cincinnati Milacron plans to start robot production in Austria

By Peter Bruce

GINCINNATI MILACRON, the world's biggest producer of machine tools and a major supplier of industrial robots, said yesterday that it planned to begin manufacturing robots in Austria by July this year. Milacron is the second major U.S.-based robot producer to expand its presence in Europe in just over a year.

Unimation, a Westinghouse subsidiary whose position as the traditional U.S. market leader is being threatened by Milacron, last year announced a \$10m expansion of its small manufacturing facility at Telford in Shropshire.

The decision to produce in Austria is likely to disappoint the UK Government, which is leading efforts so far with little success, to establish Britain as a significant source of industrial robot production. Milacron has its major European machine

tools plant in Birmingham, which was rejected as a possible base for making robots. A Milacron official said a number of components for the Austrian robots would be produced in the UK, but the plant built near Vienna three years ago to produce plastics processing machinery could more quickly absorb robot production. There was a need for speed, the official said, as European sales had grown sharply over the past year and the strength of the dollar was making importing into Europe unattractive.

The decision to begin manufacturing in Europe, at first with a large robot aimed mainly at the motor industry and other heavy duty spot weld markets, will step up the intense competition for a share of the European robot market, worth an estimated \$100m last year.

# Continental Airlines breaks off talks with pilots' union

By Terry Dodsworth in New York

CONTINENTAL AIRLINES, the embattled U.S. carrier, landed a further blow on its trade union opponents yesterday when it broke off negotiations with the Airline Pilot's Association on the status of striking pilots.

The company said it had been unable to accept in the talks that pilots returning to work should be allowed to displace employees who had kept the airline flying through the 120-day dispute.

By taking this tough line in the talks, the airline is demonstrating its increasing confidence in its ability to reorganise the group's wages structure as it sees fit without being grounded by either legal or union action.

Earlier this month, Continental defeated a court move by the unions to halt its Chapter 11 bankruptcy filing—a system which allows some protection from creditors during a reorganisation—on the grounds that it was aimed at cutting wages.

going to court on Monday to try and obtain a formal ruling that it can tear up its labour contracts and start afresh. This would give a legal base for action which the company has already carried out in restarting the airline with a workforce which is being paid only half of its original rates in many cases.

Continental said yesterday its aircraft were currently flying about 85 per cent of capacity and, by the beginning of next month, it expects to be operating at 65 per cent of its pre-reorganisation size.

The company has been attracting passengers through an aggressive fare discounting scheme, but claims to be operating at present within its cash flow.

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# U.S. deficit may hit recovery, says W. Germany

By Jonathan Carr in Davos

THE West German Government has warned that the failure of the U.S. to solve its budget deficit problem could bring a sudden dollar crisis and a worsening of the international debt situation.

Herr Hans Tietmeyer, State Secretary for International Monetary Affairs at the Bonn Finance Ministry, said yesterday the budget deficit was one of the key factors which might undercut the present Western economic recovery.

He told political and business leaders gathered here for the annual symposium of the European Management Forum that it was wrong to put all the blame on the U.S. for pressure on international capital markets and high interest rates.

"Nonetheless the sheer size of the present—and as far as we can see—future U.S. deficit, in absolute terms as well as in relation to U.S. domestic savings, faces us with a top priority problem," Herr Tietmeyer said.

In mentioning the link between the deficit and a possible dollar crisis, Herr Tietmeyer has now said publicly what Bonn monetary officials have been stressing in private.

Their fear is that the dollar, spurred by budget deficit-induced high interest rates, might rise well beyond even its present level—then collapse as investors take more note of the U.S.'s sharply increased current account deficit.

# French troops extend Chad 'buffer' zone

By David Marsh in Paris

FRENCH troops in Chad have been ordered to extend northwards the East-West "buffer zone" separating the two halves of the country, in a limited military response to Wednesday's downing of a French Jaguar jet by Libyan-backed rebels.

The move, announced by the Ministry of Defence in Paris last night, follows close consultations between President Francois Mitterrand and senior Ministers to work out a firm

response to this week's setback. France, which has blamed Libya for the shooting down of the aircraft but wants to stop short of all-out confrontation with Tripoli, is also sending reinforcements of Mirage and Jaguar fighters to Chad to back up its five-month old military presence there.

The French-defended demarcation zone separating the rebel occupied north and the government-held south of the

central African country has effectively moved northward by about 140 km as a result of the latest move.

This week's loss of the Jaguar and the killing of its pilot represents the first acknowledged French casualty since about 2,900 soldiers were sent to Chad last August to support the Government of President Hissene Habre.

The downing of the jet followed a rebel incursion south

of the "peace line" in which two Belgian doctors were also taken prisoner. By extending the buffer zone northwards from a line linking Salal and Arada to a new one linking the townships of Koro-Toro and Oum-Choulouba, the French Government has made it clear that any rebel troops occupying this area would be engaged by French forces. There was no word last night from Paris of any fighting.

# Hassan wins fourth term in Gibraltar election

By David Housego in Paris

GIBRALTAR — Veteran politician Sir Joshua Hassan was today re-elected chief minister of Gibraltar for the fourth successive term following elections in the tiny British colony.

Sir Joshua, 68, who has dominated Gibraltar politics for the past three decades, won a majority in the 15-seat House of Assembly when his Gibraltar Labour Party Association for the Advancement of Civil Rights gained eight seats in yesterday's poll.

The main opposition party until now, the Democratic Party for British Gibraltar led by Mr Peter Isola, suffered a humiliating defeat in the polls. It was routed by the union-backed Gibraltar Socialist Labour Party of Mr Joe

Bossano, which gained the remaining seven seats. Mr Bossano was his party's sole representative in the last House of Assembly.

The central issue in the election was the planned closure of Britain's naval dockyard on the Rock. Mr Bossano's party rejected a London-backed plan to commercialise the yard.

Sir Joshua, who helped negotiate the plan, said he was happy about the result and did not feel that the surge in support for Mr Bossano's party was a criticism of his handling of the issue.

The question of Spain's claim to the Rock, captured by the British in 1704, was not an issue in the election.

# Paris tightens meat curbs at frontier posts

By David Housego in Paris

THE FRENCH Government had yesterday drawn up its revised and reduced list of the number of border posts at which foreign meat can be imported into France.

The Ministry of Agriculture, however, declined to reveal the details last night. Still under discussion within the ministry was whether importers could clear customs and health controls at inland posts including the main Paris fruit and meat market at Rungis close to the capital.

French officials saw no pressing need for hurry as frontiers will remain closed to imports of Dutch pigs over the weekend. Officials said that France had

not yet received the EEC Commission's demand that the borders—closed a week ago following the spread of foot and mouth disease among Dutch pigs—be opened on Monday.

The accelerated pace of Dutch exports of pork was a major factor behind this week's disturbances in Brittany.

Though coy on the impact of the new measures on meat imports, French officials leave no doubt that the intention is to slow down sales of foreign meat in France. The restrictions were decided by the cabinet on Wednesday in the face of mounting violence in Brittany and were justified by the need for more effective health controls.

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### Australians warned over inflation

By Michael Thompson-Noel in Sydney

WITH AUSTRALIA'S inflation rate at least twice that of the U.S. and other major trading partners, the country's economic recovery was still in a "highly critical phase," Sir Noel Foley, chairman of Westpac Banking Corporation, Australia's biggest bank, said yesterday.

He added that to benefit from the economic opening in the major industrialised countries, Australia needed to "re-establish a reputation for reliable delivery and for competitive pricing" in order to withstand the export thrust from other suppliers of fuels and raw materials in Africa and South America.

On Thursday, it was revealed that Australia's rate of inflation, as measured by the consumer price index, had risen by 8.6 per cent in the 12 months to December 1983, against 2.2 per cent in the year to September 1983, and 11 per cent in the 12 months to December 1982.

Inflation in the latest December quarter was 2.4 per cent, against only 1.6 per cent in the September quarter, triggering fears among employers that Australia's fragile economic recovery would soon be jeopardised.

### U.S. wants cash for Beirut arms

By Patrick Cockburn in Beirut

THE U.S. demand for immediate cash payment for the \$1bn worth of military equipment to be purchased by the Lebanese army in 1984 is causing severe financial difficulties to the Lebanese Government.

The 34,000-strong Lebanese army is at the centre of President Reagan's attempt to build up the Government of Lebanon President Gemayel so it can withstand Syrian pressure. However, the White House's failure to offer credit terms will plainly hinder attempts to strengthen it as a force.

Last year, the Government spent \$1.2bn in foreign currency on military equipment. Almost all of it is of American origin and includes tanks, artillery, shells and military vehicles. Total Government spending in 1983 was estimated to have been about \$2.7bn.

The Lebanese army has equipped and trained three new brigades, each with one tank battalion of 34 tanks, since the war in the Chouf mountains last September. Another brigade is almost ready for operations. The ultimate aim is to create an army of 10 brigades with a strength of 60,000 men.

The Government is very short of money, relying largely on borrowing from the 91 Lebanese banks in the form of three-month treasury bills and from the Central Bank. Lebanese economists and officials are distressed by the inability of Washington to offer them credit for arms purchases. President Reagan's administration presumably fears that military credits or loans would fuel discontent over U.S. involvement in Lebanon.

Reuter adds: Lebanon's opposition Druze yesterday rejected an offer by the Government to reinstate Druze soldiers in the army.

Prime Minister Shafiq al-Wazzan said yesterday the Druze officers and soldiers who refused to fight against Druze militiamen in last September's mountain war would be invited to rejoin. The men are now in an army barracks in the Druze-held village of Hammama.

"We reject the plan. We cannot accept it," a spokesman for the Druze progressive socialist party (PSP) said. The soldiers object to the "biased" policy of the army and say they want an army command "which will be for all the Lebanese and not in favour of one faction and opposed to another."

### Sony signs VCR pact with Peking

By Jurek Martin in Tokyo

SONY appears to have stolen at least a temporary march on its competitors with the announcement that China's first production of video cassette recorders will be of the Sony "Beta" type.

The company said yesterday it had signed technical assistance, licensing and patent agreements with the central government in Peking and with the local authorities in Fujian, by which a newly-formed Chinese enterprise will manufacture Beta-type VCRs.

The Chinese concern plans to produce a minimum of 300,000 VCRs over the next six years, starting in September this year, at a new facility in the Amoy special economic zone.

A Sony official emphasised that the company has made no capital investment in the VCR project, though it is in the process of establishing a joint venture in Peking to produce large screen video projection systems.

The Chinese authorities are known to be negotiating with, among others, Matsushita, the major manufacturer of the rival VHS-format which now increasingly dominates the world market for home video equipment, selling Beta by at least a 70-30 margin.

### Nissan expected to make final decision on UK plant soon

By Jurek Martin in Tokyo

A NISSAN decision to invest in Britain would appear to be imminent, according to industrial and diplomatic officials here last night.

However, the scale of the investment may be considerably less than the 200,000 cars a year envisaged when the second largest Japanese car company first announced its intent to manufacture in Britain almost exactly three years ago.

Nissan yesterday said the protracted talks between management and the company's union, under Mr Ichiro Shioji, were now being "energetically" carried out, were "making progress" and that an announcement was likely "before too long."

British diplomatic representatives here who have been staying in close touch with Nissan also insisted that they had not been told formally by the company that a final agreement had been reached, but they, too, implied that real progress had been made.

Both the company and the British embassy were responding to a report in yesterday's edition of the Mainichi, one of Japan's leading dailies, which said the two sides had reached "basic agreement" and that what was described as a "formal agreement" was expected the remaining days of the month.

As soon as this was effect Mainichi reported, Nissan senior executives, led by president, Mr Takashi Ishii, were expected to fly to London to present its proposals to British Government. Nissan simply declined to confirm or deny the Mainichi report.

But the Japanese newspaper also reported that the plan on the table consisted of a three-stage Nissan investment—starting with assembly of 30,000 knocked-down passenger cars a year and eventually moving to full-scale manufacture perhaps after two years, 100,000 vehicles annually, a site as yet undetermined.

Again, both the company and the embassy refused to say this was accurate. What should be borne in mind, however, that though the three-year start of Nissan's UK project has many false starts and has generated many erroneous reports, the Japanese corporation to announce substantial decisions before foreign governments or foreign institutions are informed of them.

### Low turnout in Manila poll

By Emilia Tagaza in Manila

VOTING IN the Philippines national referendum on constitutional changes proceeded slowly yesterday, with less than half the country's registered voters turning up at the polls.

Apathy at the polls stands in stark contrast to anti-government demonstrations and rallies in the wake of the killing of opposition leader Benigno Aquino in August.

The main proposal in the referendum re-creates the office of vice-president as presidential successor, a post that will be filled in the presidential election, scheduled in 1987.

### Lisbon legalises abortion

By Diana Smith in Lisbon

PORTUGUESE socialist and communist deputies have succeeded in passing a private member's Bill legalising abortion in limited cases. The social democrat partners in the socialist-led coalition government and Christian Democrat opposition deputies opposed the Bill.

The vote came after emotional debates and noisy street demonstrations for or against the Bill. The Roman Catholic church, very powerful in rural Portugal but losing influence on the urbanised young, waged a fierce anti-abortion campaign—but opinion polls show that

two thirds of the population favour limited legalisation of abortion.

There are signs that the President of the Republic, Gen Antonio Ramalho Eanes may veto the Abortion Bill. This would avert the need for drastic action by social democrat leaders who felt duty bound because of the religious views of some prominent colleagues, to warn that the coalition could topple if the Abortion Bill passed.

The Portuguese cabinet has ordered the sacking of 1,000 workers at the loss-making nationalised Setenave shipyard.

### Yugoslavs hope for a profitable Olympics

By David Suchan and Aleksandar Lebl

FOR YUGOSLAVIA, the Winter Olympics which start in Sarajevo on February 7 simply have to be a money-spinner. As the first developing country ever to host the Winter Olympiad, and currently plagued by foreign debt problems, Yugoslavia is in no position to absorb costs in the way that the two previous hosts, the U.S. in 1980 and Austria in 1976, could.

In fact, the Yugoslavs look likely to make a tidy profit, perhaps \$80m.

The idea of putting Yugoslavia in the world ski resort league was born in—of all unlikely humdrum places—the Organisation for Economic Co-operation and Development in Paris in 1980. The OECD calculated that the Sarajevo region had unexploited potential for as many as 60,000 downhill and cross-country skiers.

The gleam in the OECD eye became a dream for local leaders in Sarajevo and the surrounding republic of Bosnia who, it is said, won the ear of the late President Tito on one of his many bear-hunting expeditions to the region. So, in 1978 when it was still riding high on borrowed money and Tito's prestige, Yugoslavia won its bid for the 1984 games.

Plans, however, had to be tailored to more straitened times. "Sarajevo, a city better known for the Archduke Ferdinand's fateful assassination 70 years ago, had to be given an almost brand new ski resort infrastructure. But "we are not burdened with ambitions to overshadow former games," Mr Branko Mikulic, the Yugoslav games organising committee's chairman, says.

So the more extravagant schemes were jettisoned, and the total cost brought down from \$160m to \$130m.

The sports facilities were completed in time for trials last winter. Accommodation has taken longer to expand, but the organisers claim to be able to house 30,000 people in new hotels, renovated student rooms and private houses, and a further 12,000, if need be, within a 40-mile radius of Sarajevo.

To the naturally outgoing Bosnians, money-raising came easier than cost-cutting. The godsend was the payment by the U.S. television network, ABC, of no less than \$91.5m for exclusive coverage rights, of which \$66m went to the Yugoslav organisers.

The sale of Olympic promotion rights to such companies as IBM, Kodak, Mitsubishi and Rank Xerox, has brought the total hard currency haul for Yugoslavia up to around \$100m. Against this has to be offset only some \$20m in hard currency costs, mainly to buy foreign television, sound and timing equipment.

Further foreign currency receipts depend on how many foreigners come to Sarajevo and how much they spend. The advance estimate is that 15,000 foreigners will come (nearly 40 per cent from the U.S.) and up to 50,000 Yugoslavs.

The big conundrum is whether Sarajevo can survive beyond the games, as a major ski resort. Skiing is not by any means a mass sport in Yugoslavia. But of course Yugoslav imaginations could be fired if their skiers ended up in the medals. The Yugoslav skiing cognoscenti are pinning their hopes on one Bojan Križal, fourth in the Lake Placid slalom, to go at least one better this year.

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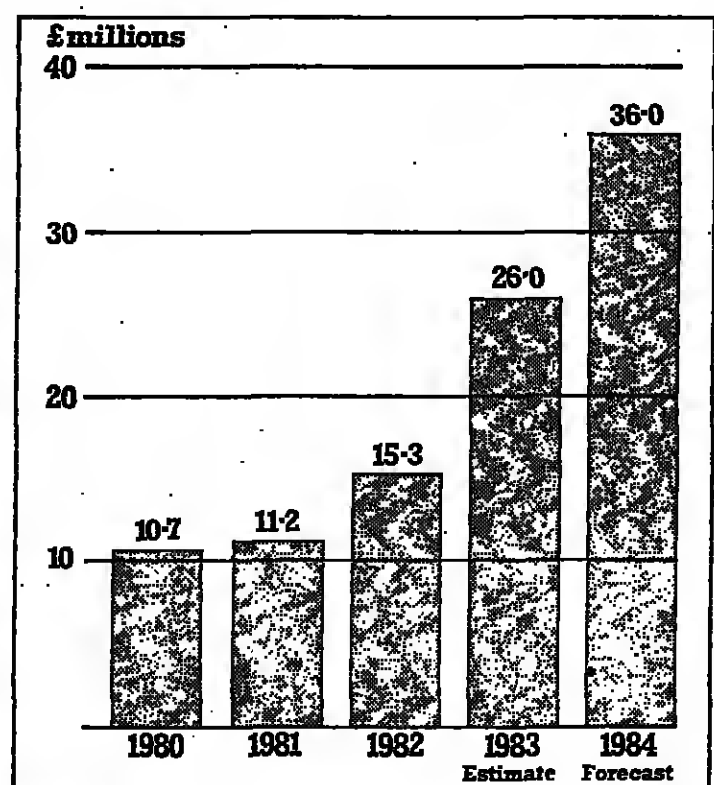
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# Government will not act on Reuters sale

BY KEVIN BROWN

THE GOVERNMENT will not intervene in the proposed Stock Exchange flotation of Reuters news agency, Mr Kenneth Baker, the Information Technology Minister, told the Commons yesterday.

He said there was no case for government action to guarantee the independence of the agency's news service. He rejected an inquiry into the sale, and made clear the Government had no intention of calling for talks with the Reuters board.

The controversial flotation could raise up to £1.5bn for the

newspaper groups which own Reuters. But the bait for investors would be the agency's rapidly developing electronic information network, rather than its unprofitable news service. Its operating profits rose from £4.1m in 1980 to £36.5m in 1982.

The Government has come under pressure to test the flotation's legality and to guarantee the agency's editorial integrity once the shares are on open sale.

Mr James Callaghan, the former Prime Minister, was among several Labour MPs

heavily critical of the Reuters board during yesterday's debate. He said parliament was entitled to be concerned about the sale because the agreement under which Reuters operates was negotiated by Mr Brendan Bracken, the wartime Minister of Information.

Sir Bernard Braine, Conservative MP for Castle Point, was also critical.

The agency is owned under a 1941 agreement by the Newspaper Publishers' Association, representing British national newspapers; the Press Association,

on behalf of provincial newspapers; and the Australian and New Zealand Press Associations.

The biggest shareholders are Associated Newspapers, which publishes the Daily Mail, Fleet Holdings, publishers of the Daily Express (12 per cent each), and News International, which publishes The Sun and The Times (11 per cent). The Financial Times also has a small stake.

Concern has centred on the board's contention that the agreement is a contract between shareholders, rather than a

charitable trust. This throws into doubt clauses requiring shareholders to regard their holding as a trust, rather than an investment. It would also nullify a need for the Lord Chief Justice to approve any ownership change.

Reuters has said the intentions of the trust will be maintained, probably through a special shareholding which could resist unwelcome bids. Institutional investors are known to be unhappy at the curtailment of voting rights this would entail.

# Platinum noble sales hit £10m in two months

By Colin Millham

THE Isle of Man sold more than 35,000 of its new coin, the platinum noble—worth in total about £10m—from the launch last November until the end of the year.

The coin contains one ounce of platinum, and enables investors to hold the metal in the same way as they can purchase gold in Kruggerands.

During the same period 567,922 ounces of Kruggerands were sold, bringing the total for the year to 2.49m ounces compared with 2.56m ounces last year.

The noble is legal tender in the Isle of Man, and appears to have met with initial success not only in the British Isles, but also in West Germany and Switzerland.

Commenting on the first two months sales Mr Brian Nathan, managing director of Avtron Metals, which is marketing the coin, said: "These initial sales confirm our belief that there is increasing interest in platinum as an investment metal, and a market for a legal tender platinum coin."

# MacGregor gives warning on moves to curb 'acid rain'

BY DAVID FISLOCK, SCIENCE EDITOR

POLICY DECISIONS on "acid rain" should be founded on facts, not on assumptions and suppositions, Mr Ian MacGregor, National Coal Board chairman, told the Newspaper Conference in London yesterday.

Even though there was no scientific agreement about the cause of acid rain, action could be forced on some energy producers that would be so expensive their products would become uncompetitive, affecting the number of jobs they could offer.

They would not be the only companies to suffer. Mr MacGregor said: "Higher energy costs would mean their customers could also be greatly disadvantaged against their competitors."

"There is a distinct possibility that after we have crippled some of our basic industries we could then find we had not solved the problem."

Mr MacGregor said that if all industrial activity "ceased tomorrow," there would still be acid rain "and there always will be."

He offered examples of places remote from any industry, such as islands in the South Pacific, which had recorded highly acidic rain. The reason had to be natural causes such as

volcanic activity, he said. Mr MacGregor went on: "Nearer home we have heard a good deal about the effect on fisheries in Galloway. But the prevailing wind in that district is not from the south-east where the industrial installations are but from the south-west, a region containing comparatively little industrial plant."

He said it would be "folly to adopt enormously expensive counter-measures which might in 20 years prove to have been unsuccessful."

The NCB, in a joint initiative with the Central Electricity Generating Board, has put up £5m for a research programme that will try to supply some of the missing facts in the acid rain controversy.

The money has been pledged to the Royal Society, Europe's foremost scientific society, which has agreed to mount and manage a research programme independent of its sponsors.

It has been attacked by environmentalists as a delaying tactic. Earlier this week, however, the Royal Society published a report on the nitrogen cycle in Britain which concluded that nitric acid played a much more important role in acid rain than had previously been believed.

# P & O chief asked to join TV talks

BY RAYMOND SNOODY

THE Government has asked Mr Jeffrey Sterling, chairman of Peninsular & Oriental Steam Navigation, to act as "honest broker" in talks over the future of direct satellite broadcasting (DSB) in Britain.

Mr Sterling has been a special adviser to the Industry Secretary since 1982 and was reappointed when Mr Norman Tebbit took the post last year. Mr Sterling chaired last week's meeting at the Trade and Industry Department when all sides in the DSB issue, from broadcasters to satellite makers, got together to see if there was enough common ground for

co-operation.

At a meeting a tripartite working party was set up to examine the feasibility of co-operation to try to save the BBC's satellite plans from collapse. The group, which brings together the BBC, the Independent Broadcasting Authority and the Independent Television Companies' Association has been meeting almost every day this week.

Many influential figures in British broadcasting believe that the only way the £350m DSB project could succeed is if the BBC and the ITV companies can set aside their traditional

rivalry and find a way of co-operating in space to share the risk and cost.

Mr Sterling has played a similar role in helping to persuade British competitors to co-operate. He was instrumental in getting the makers of System X, the electronic digital telephone exchange to collaborate in new production techniques.

Earlier this week British Telecom said that by the end of 1986 orders for System X from the makers—Plessey and GEC—should total £1.25bn. Some sides in the DSB debate

see Mr Sterling having a key continuing role until the matter is settled either way.

The DTL, however, said yesterday it was simply calling on his wide commercial experience as it had done from time to time in the past.

Earlier this week Mr Stuart Young, chairman of the BBC made it clear that if agreement with ITV was not possible it would not mean an end to the corporation's DSB plans. The BBC would, however, time its entry to ensure there was no risk of financial loss to the licence payer.



Mr Jeffrey Sterling

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# Naval yards may be worth £170m says stockbroker

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE WARSHIP yards of British Shipbuilders, which the Government plans to privatise, could be worth about £170m, according to stockbroker Grieseson, Grant.

The method of privatisation has not been decided, but one alternative to a public flotation would be a sale to a consortium of defence contractors, it said in a study of the naval equipment and shipbuilding sector.

Most of the valuation of the profitable warship yards would be accounted for by the Vickers yard in Barrow-in-Furness. Grieseson, Grant said this could be worth £80m. Much of the likely UK naval ordering in the next few years would be concentrated there.

The study did not discuss the future funding of the £230m expansion of shipbuilding facilities at Vickers. Other City observers said the price for the warship yards would have to reflect this. The work has begun, but the money will be spent over the next few years. It has not been decided how much would be paid for by any new owner.

The stockbroking firm did however refer to the government dispute with the former owners of the Vickers Yard (on the Clyde), and Vosper Thornycroft (Southampton) yards over compensation for nationalisation in 1977.

They are pressing their case before the European Commission of Human Rights, arguing that compensation was not enough. Vickers received £14.45m for its yard, Yarrow 58m, and Vosper, £5.3m.

If a price of some £80m was put on the Vickers yard under privatisation, the earlier compensation terms might be hard to justify, even though the commission has no jurisdiction over the UK government, said Grieseson, Grant.

The stockbroker's valuation did not include Swan Hunter on the Tyne and Cammell Laird on Merseyside, which build merchant and offshore vessels as well as warships.

Plans have been drawn up for 667 redundancies at Vosper this year.

# Hymac set to go into liquidation

By Robin Reeves and Ian Rodger

THE REMAINING 37 employees at Hymac, the South Wales excavator maker which went into receivership in November, have been made redundant, and the company is likely to be put into liquidation on Monday.

Mr Brian Denham, one of the Price Waterhouse receivers at Hymac, said talks would continue with potential buyers of the Hymac assets and he did not believe they would be affected by the liquidation move.

Also, the receivers would re-engage some of the Hymac staff to help realise the assets, notably through sales of spare parts.

A creditor's petition for the compulsory winding up of the company is to be presented in court on Monday and Mr Denham said it was unopposed and so was likely to be upheld.

Hymac, once the leading seller of hydraulic excavators in the UK, went into receivership after the collapse of its parent company, IBEH Holdings of West Germany, early in November.

Two other UK companies associated with IBEH, Terex and Wiba UK, also went into receivership in November. Last week, Blaw Knux, a maker of paving equipment, and the principal subsidiary of Wiba UK, was bought by White Consolidated Industries of the U.S.

# Ford car prices to go up 3.9%

By John Griffiths

FORD YESTERDAY signalled a probable round of car list price rises by announcing an average increase of 3.95 per cent from Wednesday. As market leader Ford can expect its main rivals to follow suit in the next few weeks.

The action does not mean the industry is at last moving from the fierce price rivalry which has, seemingly become a permanent feature of new car business.

One observer of the industry said last night that the rises served to cover raised production costs by providing makers with a higher base from which to discount.

By announcing the rise with three selling days to go before implication, the likely effect for Ford will be to lift its market share closer to the 30 per cent target it has set for the year overall. At the 20-day sales mark its share was 25.8 per cent.

Ford, which unlike Vauxhall and Austin Rover is not running dealer incentive campaigns except for "run-out" bonuses on last year's models, last raised its prices in August 1983. Then the average rise was 4.9 per cent.

This brought Ford's total list price rises last year to 8.9 per cent.

Most analysts of the industry expect new car prices to rise at a rate below inflation this year, so any further increase is likely to be modest.

# Brent spot exceeds \$30

BY RICHARD JOHNS

PRICES PAID on the spot market for Brent blend crude, the North Sea reference, yesterday reached and passed the official selling rate of \$30 per barrel for the first time since mid-October.

Two transactions were made at \$30.05 and one at \$30, according to traders. The range of \$29.80 to \$30.05 recorded yesterday compared with one of \$29 to \$29.15 a fortnight ago.

Refiners, particularly in the U.S., sought to build up stocks and capitalise on margins made possible by the surge in de-

mand resulting from "cold weather."

The British National Oil Corporation, meanwhile, is understood to have found customers during the first quarter for the 80,000 barrels a day formerly purchased by Chevron and Occidental which, early this month, opted to phase out of their contracts. The corporation is talking with interested buyers for the second quarter.

Oil traders stressed, however, that the recovery is seasonal, relating to low inventories and "winter squeeze"

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### Consumers spurn the adman's dream

By David Churchill, Consumer Affairs Correspondent

CONSUMERS are refusing to live the lifestyle dreamed up by marketing men and advertising whizz-kids, according to a report to be published next week.

The report on consumer behaviour was prepared by the Mintel market research group. It suggests that consumers—who will spend more than £250bn this year—want greater choice in where and how to spend their money.

"The British people show a refreshing refusal to follow the paths laid down for them by the pundits."

Eating out, for example, has been long predicted as a growth market in the 1980s. Yet the report shows that spending on eating out declined in 1982 and last year accounted only for some 2.1 per cent of total consumer spending compared with 2.5 per cent 10 years ago.

Cats, according to conventional marketing myth, are owned by little old ladies. Not so, says Mintel. Twice as many 25 to 34-year-olds own cats than the over-65s.

Another myth in the advertising world is that families, with new lingers over evening meals. According to the report nine out of 10 households finished their main meal by 8 pm. In Scotland, this rises to some 96 per cent of households.

The results of the Mintel research, one of the most comprehensive studies of consumer behaviour in the 80s, leads it to ask: "How many marketing and advertising plans are built on myth rather than reality?"

It suggests that "it is essential for marketing executives to break out of the narrow confines of their own industry and see the consumer's lifestyle in all its aspects."

Mintel draws other conclusions. It believes conventional retailers will continue to lose market share in the battle for consumer spending.

"However, people are becoming more willing to use shop-style operations for other sorts of transactions. The building societies are a prime example and this sort of trend could well spread to other activities such as stockbroking, legal services and so on."

Consumers want more variety in brands offered and will not put up with uniformity in shopping. "There is increasing scope for specialist shops where low prices are not the main criterion. These specialists should not make the mistake of aiming only at the young; clothing retailers, for instance, have missed opportunities by competing strongly for one sector of the age spectrum while ignoring other, less crowded, potential markets."

The most important development in marketing, the report concludes, will be the realisation that once consumers have bought essentials all other markets compete with each other.

"Consumers do not meekly follow preordained trends," it says. "This is the heart of the challenge facing marketing in a society devoted to choice."

British Lifestyle 1984: Mintel, 7 Arundel Street, London WC2E 3BS.

### Pickfords buys Blue Arrow travel shops

PICKFORDS TRAVEL, the travel agency chain, has bought Blue Arrow's 11 retail travel shops. They are mainly in Hertfordshire, Bedfordshire, and Buckinghamshire. Pickfords will take them over on February 6.

Mr Tony Barry, Blue Arrow's chairman, said: "Blue Arrow Holidays, our tour operating division, plus our business house division, remain within the Blue Arrow group."

The deal takes the number of Pickford's Travel Shops to 210. It is the latest move in the policy of expansion through acquisition of the company, part of the employee-owned National Freight Consortium.

Accred...

## Buyer sought for Scott Lithgow

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

BACKROOM TALKS have been taking place between the Government and industry to try to find a buyer for the Scott Lithgow yard on the lower Clyde who could complete a £88m order from Bristol for a semi-submersible drilling rig.

Bristol cancelled its contract with British Shipbuilders last December because the rig was about two years behind schedule. This decision led to 3,000 announced redundancies, and the yard is expected to close by the summer with the loss of all 4,000 jobs.

However, in spite of repeated refusals to intervene, the Scottish Office and the Department of Energy are working against the clock to put together a consortium involving a foreign company with construction

experience in semi-submersibles and a UK corporation for financial backing. Companies involved in discussions — which are still at an early stage — include Swedish offshore construction concern Gotaverken Arendal and Trafalgar House and Howard Doris, both of which operate offshore construction yards.

Bristol is still willing to have the rig completed on the Clyde and has repeatedly offered to renegotiate the contract with British Shipbuilders.

The oil company however says it will have to decide, by the end of February, where to place the order for the semi-submersible, which it needs for a deep water drilling programme.

Contacts were made with the

Swedish company because no other British company had experience building semi-submersibles. Lack of experience was one of the handicaps facing Scott Lithgow when it converted from shipbuilding to become British Shipbuilders' leading offshore yard.

Gotaverken may be keen to break into the British offshore market because the Department of Energy encourages oil companies to place large contracts with British yards.

Two obstacles in the way of a purchase are the court case British Shipbuilders has brought against Bristol over the cancellation and the financial mechanics of selling the yard.

Earlier this week the Engineers and Managers Association produced a study claim-

ing that it will cost the Government £108m to close the yard, including a £44m payment to Lloyds Leasing, which financed the rig, and an estimated £58m in redundancy payments.

Offshore industrialists said yesterday the Government's role would be indispensable, especially in laying the groundwork to finding a buyer. This could include writing off part of the assets and transfer costs, as well as a package of financial grants.

About 500 jobs will be created by a £11.4m extension to a high-technology National Semiconductor (UK) factory at Greenock on the Clyde, which is expected to come on stream by October 1984. Fairclough Projects has been appointed project and construction manager.

## Company failures reach record 13,421 in 1983

BY JAMES McDONALD

COMPANY FAILURES last year were a record 13,421—11 per cent higher than 1982—Department of Trade and Industry statistics show.

This record was mainly a result of a 29.9 per cent increase in compulsory liquidations, the department says in British Business, its official journal. The figures were probably affected by cases delayed during the 1981 Civil

Service strike. There was a rise of 3 per cent in creditors' voluntary liquidations compared with 1982, following steep rises in each of the three previous years.

Analysis of company liquidations for the first nine months of last year shows manufacturing sector liquidations ranged from 39.8 per cent to 33.8 per cent of the total in each of the three quarters.

Metals and engineering com-

panies were the main victims, accounting for between 11 per cent and 12.3 per cent of the total in each quarter, followed by textiles and clothing, where failures ranged in the three quarters between 7.9 per cent and 9.8 per cent of the total.

Company liquidations in retailing accounted for between 15 per cent and 18.9 per cent of the total in each of three quarters of last year, with motor vehicle companies and filling stations ranging between 2.7 per

cent and 4.2 per cent. Bankruptcies in 1983—receiving and administrative orders plus deeds of arrangement—were 23 per cent higher at 7,000 than in 1982.

Analysis of bankruptcies in the first three quarters of last year shows that 73.6 per cent involved self-employed people. Within this group, construction and retailing each accounted for 17 per cent of the total and hotels and catering for 10 per cent.

### Technical education scheme expands

By Alan Pike, Industrial Correspondent

MANY MORE schools are to be brought into a state scheme to reform technical education from September.

The Manpower Services Commission yesterday authorised 46 more local councils in England and Wales to run technical and vocational education initiative projects (TVEI). They will join 14 education authorities which have been operating private schemes since the autumn.

TVEI is also to be extended into Scotland, where applications are to be invited by March for five projects. Ministers hope the initiative will have a radical impact on the curriculum and technical education in secondary schools.

It is designed to give a new blend of technical education for 14-to-18-year-olds, across the ability range, using school and college facilities.

Authorities joining the scheme will receive from the commission up to £400,000 a year for five years to help meet costs.

The 46 authorities, which subject to further discussions have been given approval to join TVEI in September, were drawn from 68 applicants. The commission decided the remaining 22 authorities did not meet criteria.

Commission members have also approved changes in the Skillcentre adult training network. These will lead to class closures and job losses.

The plan is designed to ensure that the 37 centres, which are expected to show a deficit of about £24m this year, operate services on a full cost-recovery basis by 1988-87.

This will require a rapid exercise to target Skillcentres' efforts towards new technology and to persuade more employers to use the service.

Ministers insist on an early improvement in the centres' financial performance. Commission officials have set themselves the demanding target of increasing the services income from industry from £10m to £25m a year over the next two years. They will review progress in September.

Under proposals approved by the commission there will be no immediate closure of entire centres, though this remains a possibility.

Job losses among instructors and other staff, likely to number about several hundred, will be reduced by redeployment and voluntary redundancy where possible. Compulsory redundancy, however, has not been ruled out.

That will coincide with renewed stockbuilding and a 10 per cent rise in investment by non-oil businesses as investors' confidence in a continuing recovery increases.

Rights issues, which last year generated some £14bn, are expected to remain a major source of capital but will not take such a large share of total borrowings.

Laing & Crutchenbank broker, also predicts a rise in corporate bank borrowing which is expected to total £3.5bn this year. Falling demand for consumer credit will more than compensate for any increased pressure on monetary aggregates, it forecasts.

L. Messel, broker, says bank lending to companies may total £6.5bn.

### Liberals win council seat from Labour

By Our Parliamentary Staff

THE LIBERAL-SDP Alliance has made a surprise Liberal gain from Labour in a local council byelection in the Chesterfield constituency where the parliamentary byelection is to take place soon.

The Liberals were claiming this was the ideal launch-pad for their campaign to win the parliamentary seat and defeat left-winger Mr Tony Benn who is Labour's candidate.

The Liberal victory came in the traditionally Labour New Whittington ward. It gives the Liberals their first seat on Chesterfield Borough Council.

Labour's embarrassment was greater because Mr Benn had played an active part in the council byelection.

Mr David Stone for the Liberals polled 762 votes against Labour's 676 and the Tories' 281. It was the first time in 30 years that the Liberals had fought the seat and the turnout was 53.9 per cent, exceptionally high for a local poll.

### Prior backed over decision not to quit

BY JOHN HUNT

MRS THATCHER fully supports Mr James Prior, the Northern Ireland Secretary, in his decision not to resign after criticisms in Sir James Hennessy's report on the breakout of 38 IRA men from Ulster's Maze Prison last September.

Mr Nicholas Scott, the junior Northern Ireland Minister in charge of prisons, is also said to have her full backing in deciding not to quit.

Mr Prior did discuss his personal situation with Mrs Thatcher in the light of the report. But he did not offer his resignation. Both ministers are said to have the Prime Minister's "full confidence."

Some Tory right wingers could call for ministerial resignations when the report is debated in the House in about two weeks' time. But most Conservative backbenchers fully support the Northern Ireland team and the Government on the matter.

Mrs Thatcher agrees with Mr Prior's assessment that the report makes it clear that Northern Ireland Department policies were not responsible for the breakout.

They base their case on the paragraph in the report which says that no personal blame

should attach to the Under Secretary at the Northern Ireland Department who did his best to see his divisions were equipped to do their work.

The Government's critics are however, likely to point out that the report also says the Under Secretary was an able and conscientious officer who was "overworked and under resourced."

One senior minister said: "It would be a tragedy and a victory for the terrorists if Mr Prior were to be pushed out of some of his critics."

There is unlikely to be strident Labour Party pressure for Mr Prior's resignation when the issue is debated. Mr Neill Kinnock, the Labour leader, believes this would be counterproductive.

Yesterday Mr Sydney Powell head of the prison governor branch of the Society of Civil and Public Servants, said it was wrong that Mr Ernest Whittowson, the Maze's governor, should have had to shoulder the entire burden of the criticism by resigning. It was said he had resigned.

Mr Powell said if Mr Prior came to grips with the glaring errors highlighted in the report then he would retain his credibility.

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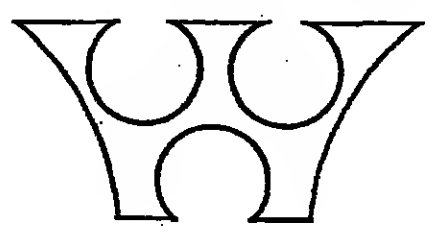
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# Crane hire industry strike to be urged

By David Brindle, Labour Staff

A NATIONAL STRIKE in the crane hire industry from February 15 is to be urged by shop stewards representing drivers in Scotland and the North.

The strike call will be discussed in Sheffield on February 7 at a meeting of stewards from all over the country, representing about 2,000 members of the Amalgamated Union of Engineering Workers' construction section.

The proposal for an indefinite stoppage is being made to bring to a head a long-running dispute over pay. It is highly uncertain, however, that support would be solid.

A series of one-day strikes has received only patchy backing, particularly in England.

Scottish and northern stewards believe an official strike would galvanise wavering members. They acknowledge that drivers at some depots have grown disenchanted with one-day stoppages.

The dispute arose from the failure to agree terms for the 1983 national pay claim and the employers' imposition on November 7 of a 3.5 per cent rise after the AUEW terminated the national agreement.

The employers, grouped in the Construction Plant-hire Association, are offering the union a "skeletal treaty" linking the crane-hire sector to the engineering construction industry national agreement. They say "there is no way" the union can again have its own agreement.

# Talbot engineers accept 7 1/2% deal

TALBOTS 130 toolroom engineers in Coventry yesterday accepted a 7 1/2 per cent annual pay rise over which they originally threatened to strike. They decided to take the same deal as the rest of the car company's 3,000 workforce. The engineers had claimed a pay differential bonus.

# Sogat makes Times action official

BY DAVID GOODHART, LABOUR STAFF

THE TIMES today failed to appear for the second day as Sogat 83, the general print union, made official a dispute over the reallocation of managerial library duties.

It now involves about 1,400 workers and, with no prospect of peace talks, is expected to hit tomorrow's Sunday Times. By Monday the dispute will have cost Times Newspapers about £1.5m.

Mr Bill Gillespie, managing director, said yesterday: "The dispute has come at a time when we were just about to break even and our circulation has increased to over 350,000."

About 350 clerical workers at

the two papers have been on strike for more than two weeks. National union officers and most of the other Sogat chapters have been reluctant to get involved. However it was inevitable the dispute would have made official and stop production after talks broke down on Thursday night and management sacked 750 Sogat members.

The dispute started with the appointment of Mr Mike Roffey, a photo sales manager as picture librarian and of Mr Fred Sayer, the former picture librarian, as picture library manager.

Mr Roffey, a member of Sogat's managerial section

which is recognised by the Times but does not negotiate as all members have individual contracts. Mr Sayer is a member of the clerical section which does negotiate.

The union claims that management in effect is undermining the closed shop as the union managerial section identifies primarily with management. It also believes the "calls procedure"—by which any vacant Fleet Street jobs are communicated to the relevant chapters before being filled—is being attacked.

Management sees it as a "right to manage" issue. It is not prepared to concede in

the clerical chapel the right to decide managerial appointments. Management also alleges that at the time the paper is a victim of a power struggle between Sogat's clerical and management sections.

The BBC said yesterday that Sogat members have refused to distribute London-bound copies of the Radio Times in defiance of a High Court injunction on Thursday.

The injunction ordered the union to lift its blacking of distribution of the January 28 edition, stored at a depot at King's Cross, north London.

# Print union faces threat of legal action

BY DAVID GOODHART, LABOUR STAFF

THE managing director of WB Commercial Graphics in Orby said last night he would take legal action against the National Graphical Association if the union withdraws from a single-key-stroking agreement.

Mr Ian Burns claims the union has endorsed the agreement for more than a year. It allows for direct input of material from publishing houses to typesetting systems, bypassing NGA members.

The union has told Mr Burns he must stop using single-key-stroking for work on magazines, in spite of the prospect of job NGA losses.

Mr Chris Harding, an NGA national officer, would not say last night when a formal letter ending the agreement would be sent.

Mr Burns said: "After consultations with our lawyers we decided that once we have received official notification from the NGA we will consider legal proceedings."

If they enforced the withdrawal, he would close his typesetting company, making at least five NGA members redundant.

The NGA has agreed to a number of single-key-stroking agreements in the commercial and legal sectors. It is in talks with provincial newspaper employers about a pilot project on six papers to test the effects on employment.

Mr Burns believes that after

the reverse for the union in the Messenger Newspaper Group dispute it wants to tighten the line, especially in the magazines.

Mr Harding said on BBC TV's Newsnight programme last night that single-key-stroking is an unacceptable development in the magazine sector. "It was not aware that the company was

typesetting magazines such as Gold World and Packaging News, Mr Burns claims he was fully aware.

Mr Harding denied the union was being Luddite. Single-key-stroking agreements had been permitted to attract work which might otherwise go abroad. He pointed to the success of City printers such as Williams Lea

in bringing in new work. Mr Burns had broken the spirit of the agreement by applying it to existing work, he said.

The union may relax a little over single-key-stroking if it can clinch an agreement with Portsmouth and Sunderland Newspapers to move three NGA jobs into the editorial department.

approached other unions to an attempt to persuade them to foot the bill.

He said: "On the very day it was announced they intended to purge their contempt it was also announced that they would continue to persuade the TUC to back further illegality."

Fines of £150,000 have been paid out of the total of £675,000. The union agreed to lay aside £625,000 to cover the outstanding fines and costs. Sequestrators' costs were estimated at £75,000.

The judge said that in spite of the union's lack of co-operation the commissioners were in control of assets worth £13.5m. Of these, £3m was in property and the rest in Government securities, quoted shares and bank accounts.

# NGA purges contempt but fines stay

THE National Graphical Association yesterday purged its contempt of court arising from the dispute with Mr Eddie Shah's Messenger Newspaper group, writes David Goodhart.

Mr Justice Eastham dissolved the writ of sequestration under which the union's assets were frozen but decided not to reduce £525,000 fines imposed in December for unlawful mass picketing.

An affidavit from Mr Joe Wade, NGA general secretary, said the union—established in 1848—and never been in dispute with the courts except for the three months last year.

Mr Justice Eastham remained critical of the union's behaviour. "It is perfectly true that there has been no further trouble since December 9. However, after the last hearing the NGA

approached other unions to an attempt to persuade them to foot the bill.

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# Workers occupy Henry Robb shipyard

By Mark Meredith, Scottish Correspondent

WORKERS OCCUPIED the Henry Robb shipyard in Leith, Scotland, yesterday to prevent its closure by British Shipbuilders.

They said they would prevent the release of a Royal Navy unmanned mini-submarine undergoing refurbishment.

British Shipbuilders said this week that Henry Robb would close at the end of March with the loss of all 390 jobs.

The yard completed its last order in December and all but 30 to 40 men have been laid off. Earlier this year the workforce numbered about 900.

Mr Bill Semple, Henry Robb's managing director, said about half of the 130 manual workers have asked for voluntary redundancy. It was clear management expected most jobs to be shed this way.

The workers voted recently not to join a threatened national strike by shipbuilders over wages and working practices. They hoped this attitude would win them key orders for mooring and salvage vessels.

These have just been awarded to the Hall Russell yard, Aberdeen.

Mr David King, one of the union officials, said last night that one reason for the occupation was that orders were still possible in the form of a ferry for Calceonian Macbrayne and two tractor tugs expected to be ordered by the navy.

Mr King said a good majority at the lunchtime mass meeting voted for the occupation but he declined to give figures.

# London port suspends tally clerks

THE PORT OF London Authority yesterday suspended 120 ships' tally clerks without pay at the West Africa Terminal, one of Tilbury's biggest operations, our Labour Staff reports.

It said it took the action because the clerks were refusing to do Sunday overtime. The clerks are protesting about what they claim is the unilateral imposition of new manning levels, which raise productivity and create labour surpluses.

Talks with the Transport and General Workers Union, the clerks' union, were continuing last night. The dispute is unlikely to spread, but lengthy disruption to cargo-handling would undermine the port's attempt to restore its reputation after 11 weeks of dockers' and clerks' strikes last year.

At Bristol port, there are fears for trade because of a series of unofficial strikes by dockers which began on January 9 in protest against a 4 per cent pay offer.

Nissan, Vauxhall, Fiat and the Falklands Airport Consortium are among customers which have expressed concern.

# Tax staff seek computer ruling

NO CHANGE in the nature and character of tax officers' jobs took place when they were asked to operate a computerised Pay-As-You-Earn system, the High Court was told yesterday, our Labour Staff writes.

Mr Peter Millett, QC, for the Inland Revenue, said the Inland Revenue Staff Federation had made no claim about changes in responsibility during lengthy negotiations on the system, not during installation, programming and training.

Eight members of the federation are asking the court to rule that they cannot be made to operate the PAYE computers. They are among 438 West Midlands staff sent home by the Revenue for refusing to do so.

They claim that computerisation has changed their work that their jobs are no longer what they were engaged to perform. *John S. R. H. G. T. A. O. . . .*

Mr Millett said the real dispute was not about changes in the nature of the job but about the absence of a guarantee of no compulsory redundancy caused by the computer system. The case continues on Monday.

# New chairman at Milford Docks

MILFORD DOCKS has appointed Lord Parry of Newland chairman. The present chairman, Mr P. M. N. Jennings, had indicated to the board that at the next board meeting on January 31 he wishes to resign as a director in order to concentrate on his City interests.

Mr L. G. Wilkinson will retire on January 31. Mr Michael Davies has been elected to the board.

Mr Michael Walton, a director of Electra Investment Trust has succeeded Mr Gordon Dean as managing director of ELECTRA RISK CAPITAL. Mr Walton has been a director of Electra Risk Capital since its incorporation in 1981. Mr Dean will remain on the board of Electra Risk Capital until March 31.

Mr L. C. Quek has been appointed executive chairman of MANSON FINANCE TRUST in place of Mr John Mowat who has retired. Mr Quek will also take Mr Mowat's place as chairman of its subsidiaries. Mr Quek is executive chairman of Dao Heng Bank and managing director of Hong Leong Company (Malaysia) Berhad, the ultimate parent of both Manson Finance Trust and Dao Heng Bank. Mr Mowat has joined the board as a non-executive director. He is chairman of Leslie Godwin.

Mr Robert G. Pughhouse has been appointed to the board of MANDERS (HOLDINGS). He has been secretary since 1976 and is now responsible for all personnel and legal matters in the group.

CLYDE CABLEVISION has appointed Mr David R. Campbell its chief executive. Mr Campbell joins from Scottish and Universal Investments where he was executive director responsible for the group's printing and publishing interests.

HERON CORPORATION has appointed Mr Richard A. Bernasconi group treasurer. He was previously group treasurer of the Milan-based Merzario Group.

Mr George Gilchrist has retired as manufacturing director of LEATHER'S CHEMICAL COMPANY. Mr A. E. Keeling has been appointed his successor as manufacturing director. He has been employed by Leather's in various capacities since 1970 and a director since July 1 1983. Mr Nigel Wood has been appointed sales director and Mr Harold Mathers has been appointed personnel and administration director.

Mr A. Ross Belch has joined the board of KONGSBERG, the UK subsidiary of A/S Kongsberg Vaapefabrik of Norway. Mr Belch is chairman of Jepsens Offshore Drilling and Associated British Engineering.

Mr E. Owen, a director of Brush Transformers, has been appointed a director of HAWKER SIOBLEY TRANSPORTERS and general manager of the South Wales transformer division of Brush Transformers. He succeeds Mr W. G. Thomas who has taken the appointment outside the group.

WESTBRO has appointed Dr Tim Stuart its managing director. He was previously involved in the design and development of electronic drives and drive systems with SSD.

Following a restructuring of DUNLOP'S international sports company into specialist product businesses, Mr B. J. Jenkins will become director, racket sports, from February 1. He was managing director of Gold Crown Foods, part of the Argyll Group.

HOECHST UK, a subsidiary of Kalle Infotec, has made two appointments to its board. Mr Peter Troward has become managing director and Mr John Southworth has been appointed commercial director. Mr Troward was general manager and Mr Southworth was financial controller of Kalle Infotec.

SHELL INTERNATIONAL PETROLEUM CO has appointed Mr R. E. Reid, supply marketing co-ordinator, a director from February 1.

AMERICAN EXPRESS has made the following appointments within its travel division. Mr Roy Stephenson, former sales and marketing director, has been appointed head of the new travel management services unit. Ms Mavis Brown has been appointed travel business travel operations UK. She was director, business travel.

F. CHAMBERS AND CO has elected the following directors: Mr David Harrison, marketing and sales director; Mr Brian

Potts, operations director, and Mr Alan Whelan, research and development director.

Mr David Spence, a partner in the London office of HORN-TON BAKER, has been appointed executive partner responsible for all client services.

Following the management buy-out, TIGER RAIL has made Mr Brian Newport, formerly group operations manager, an executive director. He retains full responsibility for railway wagon operations.

Mr Derek Hill, previously director of Fortham Burtonwood Brewery who joined ROBERT H. LOWE in September 1983, becomes an executive director. Mr Ernest Cumulus, former deputy chairman of Carrington-Vivella, is appointed a non-executive director.

Mr Donald Town, group marine manager and underwriter of the Phoenix Assurance Group, has been elected chairman of THE INSTITUTE OF LONDON UNDERWRITERS, and Mr David Bowen, a director, general manager and marine underwriter of the Orion Insurance Company, deputy chairman.

Mr Patrick Bowden, an assistant general manager in Barclays Bank International, has been appointed as assistant general manager controlling marketing operations in BARCLAYCARD. He will continue to be responsible for Barclays Visa travellers cheques division and for international money orders, and will integrate these operations within Barclaycard. Mr Bowden is adviser on travellers cheques to the Visa International board.

DAVENPORTS BREWERY has appointed Mr Martin Cardale to its main board. He joined Davenport's 12 months ago as sales director, with special responsibility for marketing and sales to the free trade and Davenport's own pubs and shops.

Mr C. H. Dowton has been appointed to the board of THE MINING INVESTMENT COMPANY, a subsidiary of Burnet and Hallamsbury's mining division. He has been company secretary of Mincorp since September 1980 and will retain that position.

Mr Michael Windsor has been appointed to the board of McKECHNIE BROTHERS as a non-executive director from February 1. He is a director of Vickers and group chief executive, engineering products group.

Senior post at Steel Brothers

Mr Peter J. Paice has been appointed an executive director of STEEL BROTHERS HOLDINGS from April 3. Mr Paice joins the company after nine years with Jardines, Matheson and Co. where he was chief executive of a major subsidiary involved in trading and engineering.

METROPOLITAN SERVICES has appointed two directors. Mr S. J. Bragan and Mr K. J. Jamieson will be based at the company's Brentford, Middlesex headquarters. Both men joined the company in 1976.

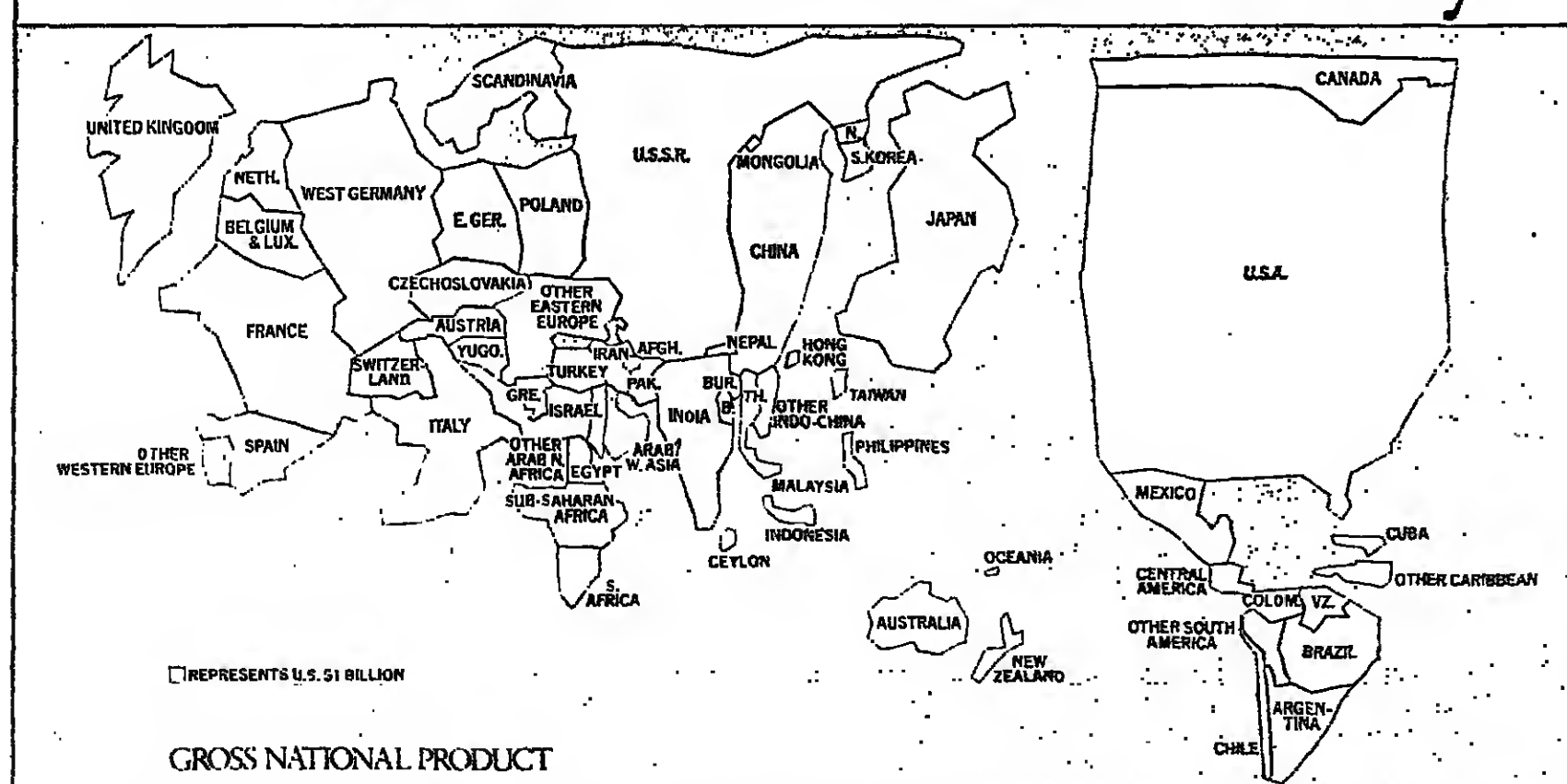
BICC-VERO ELECTRONICS has promoted Mr John F. Grillo to managing director following the retirement of Mr Alan Thomson. Mr Grillo will have responsibility for BICC-Vero Packaging, BICC-Vero Connectors, Veraspeed and BICC-Vero International companies in the U.S., Germany, France and Austria.

Mr M. J. Chapman, a corporate finance director, corporate finance division, MIDLAND BANK, has been appointed managing general manager, corporate finance division, from February 1.

EXCO INTERNATIONAL is appointing Mr Richard Davey an executive director and a member of the executive committee of the board on March 1. Mr Davey has been a non-executive director of Exco since April 1983. Presently an executive director of N. M. Rothschild and Sons, he will remain on the board of Rothschild's general manager, director. Mr Davey, who will move to New York, will become president of Exco's U.S. holding company, Exco International Inc., and assume responsibilities for Exco's U.S. operations.

Mr A. C. Winspear has been appointed a director of JOHNSON GROUP CLEANERS. He is a director of S. G. Warburg and Co.

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|-----------------------------------|---------|--|
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# Economic Diary

TODAY: British Toy and Hobby Fair (until February 11). Stationery Industry Exhibition—STATINDEX opens at Earls Court (until February 11). TOMORROW: President Reagan expected to announce his decision on whether to stand for re-election. General elections in Ecuador. MONDAY: Bricks and cement production (fourth quarter). Special meeting of the TUC Finance and General Purposes Committee to discuss the implications of the Cheltenham union Assembly in Strasbourg (until February 31). Lönrho to make statement on the disposal of its shareholding in House of Fraser. Delegation from CBI Wales to lobby Transport Secretary Nicholas Ridley on Severn Bridge. Photography of Work Palace, Hotel Soviet Fozuluz Minister Andrei Gromyko Bucharest (until February 3). THURSDAY: UK official reserves (January). Capital issues and redemptions (during the month of January). Unemployed and unfilled vacancies (January—provisional). Mrs Margaret Thatcher leaves for Bank pay talks resuming. Annual meeting of the EEC Social Affairs Ministers in Paris. FRIDAY: Car and commercial vehicle production (December—final). Mr Neil Rinnock, Leader of the Opposition, to address Labour Party local government conference in Nottingham. Gas pay talks. TUC hold special conference on its "campaigns" shorter hours.

IF'S "Green Budget" at Regent Palace. Hotel Soviet Fozuluz Minister Andrei Gromyko Bucharest (until February 3). THURSDAY: UK official reserves (January). Capital issues and redemptions (during the month of January). Unemployed and unfilled vacancies (January—provisional). Mrs Margaret Thatcher leaves for Bank pay talks resuming. Annual meeting of the EEC Social Affairs Ministers in Paris. FRIDAY: Car and commercial vehicle production (December—final). Mr Neil Rinnock, Leader of the Opposition, to address Labour Party local government conference in Nottingham. Gas pay talks. TUC hold special conference on its "campaigns" shorter hours.

مركز الصلة العربي



# All Share Index passes 500 milestone

The daily movements of the FT 30 Share Index may have been jerky this week but on Wednesday as the market notched up its best day for over a year, the FT Actuaries All Share Index glided past an important milestone — the 500 level. Despite the understandable nervousness that trading in high ground is bound to create, the market still looks firmly placed and unlikely to take a tumble from its current standpoint.

Arguably the market's rise since the autumn has done little more than keep in step with generally improved expectations for corporate profits. A few months back stockbrokers Phillips & Drew were looking for commercial and industrial profits to rise by 20 per cent in 1983 and 15 per cent in 1984. Those expectations have now been lifted to 24 and 20 per

cent, adding around a tenth to the two-year picture.

On that basis the market is currently standing on an earnings multiple of around 14 1/2 on 1983 profits, dropping to 12 1/2 on 1984's expectations. The average over the past couple of years has been around 13 1/2.

On those numbers prices appear to be well underpinned by performance though the alternative litmus test of dividend yields, 4.3 per cent on the Actuaries All-Share, is asking a lot and will not encourage those of nervous disposition.

Among the various divisions the oil sector seems to be living in a world of its own. In the past couple of weeks it has risen by some 11 1/2 per cent against 2 1/2 per cent for the All-Share. The reasons for that enthusiasm are diverse, not least the froth of bid speculation, yet it would not take much bad news to

## LONDON ONLOOKER

knock some of those prices off their pedestals.

If oils look overheated solid traditional industrial areas such as textiles and engineering still look underplayed, despite a general rerating. At this point in the cycle profits forecasts generally tend to get a little sanguine but not so with groups like textiles and engineering, where twice bitten analysts are still pitching on the cautious side and prospective earnings multiples are probably a bit lower than they look.

### Stalking Bertie

Avana is not one to miss an opportunity and so this week it crept up on Bassett, of liquorice allsorts fame, and slapped a £17m equity offer on the table. For Bassett's management Avana's approach came like a bolt out of the blue and in the stock market the sweet maker's share price shot ahead of the bid price valuing the company at £19.3m.

The offer will no doubt be vigorously defended but Avana has picked its target with care. The attacker has earned its reputation out of making money from declining or stagnant segments of the food industry. Its acquisition of jam maker Robertson in 1981 is a classic example.

Bassett is not quite in the Robertson mould but there are similarities. Faced with a declining confectionery market in the seventies the then direc-

tors took the group on to a disastrous course of diversification resulting in overall losses of £11m in 1980.

Yet unlike Robertson the new management of Bassett has already got it on the road to recovery. Gone are the bizarre diversifications, in have come more modern plant for confectionery lines and a more aggressive stance towards its core business. There is still a long way to go and eventually acquisitions will be needed to keep up the momentum, though it looks as though the lessons of past failures have been well and truly learned.

Bassett should not fall to Avana at a knockdown price though fall it may if Avana comes forward with better terms.

### Brick defences

London Brick is building a defence that Hanson will find difficult to breach with its current offer of £212m. The defence document out this Thursday stunned observers with a profit forecast of £36m for 1984, several million ahead of what had been anticipated. London Brick has already estimated profits of £26m for 1983 and achieved £15.3m in 1982.

And London Brick has a good shot at ousting any suggestion that 1984 will be a peak year. The directors say that profits are no longer so closely shackled to the UK house building cycle.

Not surprisingly Hanson Trust was quick of the mark to question the quality of the forecast and how exactly the figure is made up. Even so Hanson has not returned London Brick's volley with much success and the pressure is on the bidder to come up with better terms.

For Hanson that would be unique. For years it enjoyed a reputation of setting a price and sticking to it. That was lost some time back but never has

Hanson had to raise an offer twice in a fight. Yet London Brick's price is out of Hanson's reach and if the bidder wants to win control it looks as if the stakes will have to be raised.

### Reviving Rank

The worst seems to be over at Rank Organisation. This week the new management sent out the full-year figures for October last showing pre-tax profits £7.3m higher at £89.3m, despite £5m less profit from its Rank Xerox associate and increased losses in Australia.

Yet the new team, headed by Mr Michael Gifford, has had little time really to get to grips with the more deep rooted problems of Rank. The more obvious areas of action have been tackled, hence another below the line write-off of £25.4m making over £48m in the last two years.

There are more disposals to come but the major part of Rank's restructuring is over. The closures and sales of last year will throw up some further cash infows during the current 12 months so the decline in borrowing, evident last year in a £9m fall in the interest charge, should continue.

On the trading front the year has evidently started off on an encouraging note and profits could get close to £100m pre-tax. That might be good enough to sustain the share price which until now at least has reflected an element of bid speculation.

### Sights on Stylo

The directors of Stylo are right to reject Harris Queensway's opening bid of £35m if they believe they can mount a sufficiently good defence to squeeze a higher price out of Philip Harris or attract the attention of a rival bidder to make it a three cornered fight. If, however, the directors are adamant in clinging to independence shareholders could be the losers.

The peculiarity of Stylo is that its voting structure means

## MARKET HIGHLIGHTS OF THE WEEK

|                       | Price<br>y/day | Change<br>on week | 1983/84<br>High | 1983/84<br>Low |                                 |
|-----------------------|----------------|-------------------|-----------------|----------------|---------------------------------|
| F.T. Ind. Ord. Index  | 839.5          | +12.6             | 840.5           | 598.4          | Revived UK and U.S. support     |
| Applied Computer      | 585            | +75               | 605             | 205            | Analysts' meeting               |
| Assoc. British Ports  | 258            | +20               | 260             | 129            | Freeport site hopes             |
| Assoc. Leisure        | 147            | +31               | 151             | 85             | Agreed offer from Pleasurama    |
| Bassett Foods         | 160            | +70               | 167             | 61             | Bid from Avana                  |
| Canada North West Oil | 55             | +36               | 60              | 5              | Australian oil find rumours     |
| Gerrard and National  | 337            | +47               | 340             | 161            | Bid approach                    |
| Glass Glover          | 283            | +33               | 283             | 177            | Good results and scrip issue    |
| Helical Bar           | 43*            | -34               | 94              | 27             | Company funds inappropriate     |
| Highgate Optical      | 50*            | -32               | 152             | 22             | Controlling group uncertainties |
| House of Fraser       | 278            | +28               | 280             | 150            | Leith stake speculation         |
| Ingram (Harold)       | 408            | +98               | 435             | 18             | Speculative demand              |
| Intervention Video    | 36             | +11               | 40              | 19             | CBS/Fox video joint-venture     |
| Metal Box             | 352            | +22               | 352             | 154            | Persistent demand               |
| Nova (Jersey) Knit    | 47             | -15               | 95              | 30             | Nervous selling/Int. due Monday |
| Portland Devs.        | 200            | -312              | 575             | 150            | Adverse Press article           |
| Shell Transport       | 660            | +50               | 662             | 403            | Offer for Shell Oil             |
| Std. Tele. and Cables | 272            | -20               | 326             | 183            | Broker's adverse circular       |
| Strong and Fisher     | 225            | +40               | 275             | 27             | Revived speculative interest    |

\* Price at suspension

that the directors can almost certainly thwart any bid if they stand united. The Ziff family enjoys voting control thanks to its closely held Management shares worth 16 votes apiece.

Bid rumours have swirled around Stylo before but Harris Queensway is the first in many a long year to fly in the face of Ziff family opposition and launch an offer to shareholders. Already it claims to have the backing of over 30 per cent of the ordinary shares in addition to its 5.1 per cent stake in Stylo.

The shoe retailer's major line of defence will be that Harris's 32.5p a share offer undervalues the asset base. In the last accounts, January 1983, the current cost asset base was just under £4 a share and no doubt Stylo will be able to improve on that with a revaluation.

If a revaluation attracts a high offer that is accepted by the Ziff family all to the good. Stylo may have a good asset base but its ability to make profits is weak. At £35m the

offer is equivalent to an exit p/e of around 100 averaging out the past decade's earnings. Take 1982-83's profits and the p/e is still 55 on actual earnings. Without a bid the price cannot sustain a rating of anything like that.

### Discount Houses

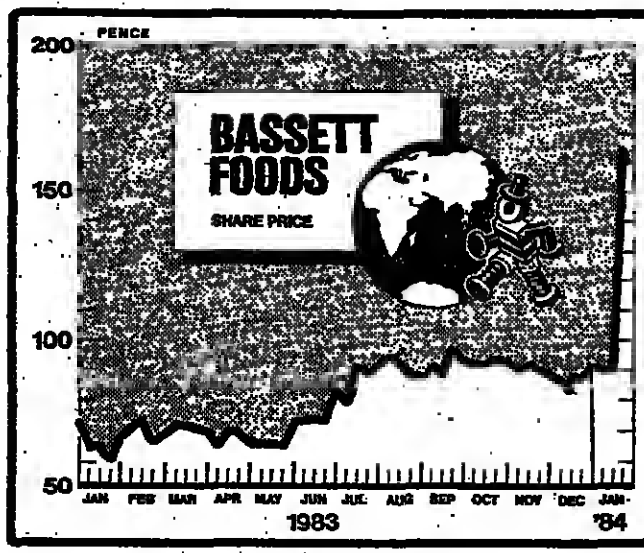
Up till now the select band of discount houses has ridden peacefully above the turbulent waves of change within the City's financial community. The crucial role the houses play between the Bank of England and the money markets and the violent nature of their own profits were thought to leave them in a compartment of their own and yet Gerrard and National, leader in the sector, disclosed this week that it is engaged in merger talks.

In the past the Bank has always preferred that the discount houses remain independent, but it is now willing to concede that parenthood can be permitted to shift to larger institutions there is going to be

much intrigue about who Bank would judge to be suitable. The authorities are likely to smile upon foreign ownership nor are they likely to welcome the muscle of clearing banks or ties with a client banks. That seems to leave the likes of Mercant House and Exco. Certainly former has admitted talks with Gerrard and National but it is talked to a variety of oil financial institutions such as Wood Durracher as well.

While the guessing game goes on several in the sector are parading more of their wares in the shop window aware that if they can no longer retain confidence then they must go fair price for their assets. Un Discount, second in the league to Gerrard, this week brought out £9m of previous hidden inner reserves into public view while the small Alexanders has published surprising increase in visible general reserves from £7m to £11m.

Terry Garrett



## Edgy atmosphere

OVER the last few days, the U.S. capital markets have been pounded with good news. Consider the following sample of corporate results:

IBM, Digital Equipment, Burroughs, NCR and Honeywell, the country's leading computer manufacturers, have all registered a strong surge in quarterly earnings, broadly within the 20 to 30 per cent range; American Airlines, the country's second largest domestic carrier has led profits of a clutch of the more efficient operators back up into the high blue yonder. International Paper, the U.S.'s largest paper maker, reported an 80 per cent increase in earnings; RCA, the leading electronics and entertainment conglomerate, came in with a 45 per cent rise; and profits at Motorola, the semiconductor company, have jumped by 75 per cent.

The list could go on and on, and while there have been a few disappointments in the

quarterly figures, even some of the badly lamed ducks of the recession are beginning to limp back to some sort of financial health. On Wall Street, however, these messages of optimism from the real economy have been treated with

## NEW YORK TERRY DODSWORTH

disdain. The market has promptly turned round and shot the messenger.

Thus while President Reagan was polishing his electioneering lines about the strength of the recovery this week, the Dow Jones Industrial Average was dithering and slipping from its near record post-Christmas high. The market is effectively asking the President what his

next act will be. The economy is now stuck in a kind of Act Three, Scene Three, caught between the beginning and the end of a plot in which we now have a plausible hero (the recovery) and a sinister villain (the deficit), but no guarantee that the good guy is going to be allowed to come out on top.

Indeed, there is now an uneasy feeling around the markets that the villain has some of the best lines in the drama. Mr Reagan himself has made it clear he intends to do very little in this election year to eliminate the deficits that have kept the economy swinging along.

A great deal can happen, of course, in an election year. When the opinion polls start running and sending the market spinning in different directions. But the existence of the deficit is now establishing an underlying negative factor over the medium term. It means continued pressure on interest rates from the combination of corporate and Treasury demand; and it means that the equity market, to quote Mr Leon Cooperman of Goldman Sachs, has "once again become the prisoner of the debt markets."

It is this mixture of problems which lies behind the behaviour of the stock market during a period when the return on equity has shown one of the most dramatic reversals since the last war. Investors who had already accounted most of this advance, now want to know whether earnings and dividends can produce the yield to keep up with bonds in the months ahead — and many are beginning to worry that corporate America will not be able to maintain the cracking pace that they had been expecting this year. Profits seem less likely to receive a boost from falling interest rates than was thought likely a few months ago. At the same time, productivity growth is slowing, while there still appear to be strong enough deflationary pressures in the economy to keep the lid on prices, and therefore on corporate profits.

In this edgy trading atmosphere, where the high volume of trading indicates that there is still plenty of footloose cash waiting for a positive sign or two, the oil sector has once again proved some welcome excitement this week.

Shell Petroleum NV's bid for the outstanding 30 per cent of Shell Oil, its U.S. satellite, is said to have been a widely-discussed possibility over the last couple of years. But it would have been difficult to catch Wall Street more off its guard. Since Mr Boone Pickens started to stir up some raunchy interest in oil industry assets over at Gulf, analysts have been crawling over virtually every oil company on the lists — except Shell Oil.

Whether Shell will be able to deliver quite the thrills, or the financial killings, that have come out of the Gulf situation and the Texaco take-over of Getty, still remains to be seen. But the speculators who have pushed the price just over the \$55 a share bid might be just as well employed working on some short selling tactics for what is becoming an election market. Wall Street was bit with a typical bout of election jitters this week when a rumour on Wednesday that President Reagan had decided not to run for re-election knocked a mild rally on its head, propelling the DJIA down by about 14 points in an hour. There could be some fun days ahead.

|           |          |        |
|-----------|----------|--------|
| MONDAY    | 1,344.45 | -14.65 |
| TUESDAY   | 1,242.88 | -1.57  |
| WEDNESDAY | 1,231.89 | -10.99 |
| THURSDAY  | 1,229.69 | -2.20  |

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Acknowledgements will be sent and certificates issued within 42 days. Unit prices and yields are published daily in leading national newspapers. Units can be sold back to the Managers at not less than the bid price calculated to a formula approved by the Department of Trade. An initial management charge of 5.25% on the assets (equivalent to 3% of the issue price) is included in the price of units and a service charge at an annual rate of 1% (1/4% of the value of the Fund is deducted from the Fund's gross income, although the Trust Deed allows a maximum annual charge of 2% (1/4%)). The Fund's distribution dates are 1st August and 1st February. The first distribution is scheduled for 1st August 1984. Remuneration is payable on qualified intermediaries and rates are available on request. Trustees: Midland Bank Trust Company Limited, Managers: Britannia Group of Unit Trusts Limited, Registered Office: Salisbury House, 29 Finsbury Circus, London EC2M 3JL. Telephone 01-588 3777. This offer is not available to residents of Eire.

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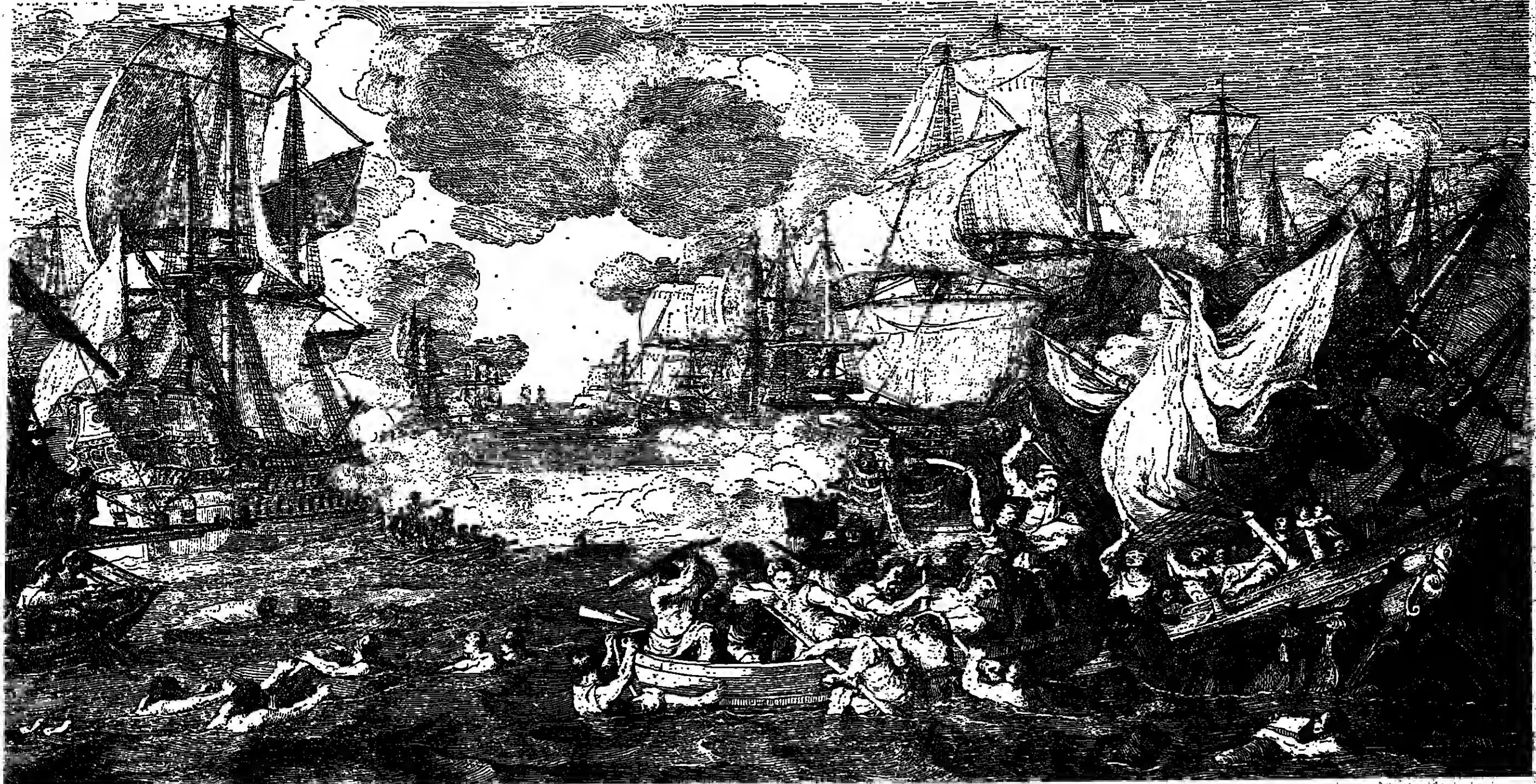
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## Lewis & Peat, Clarke



# THE GREAT PENSIONS BATTLE



## BEFORE WE ALL GET CARRIED AWAY, A BALANCED VIEW FROM ONE OF THE FEW COMPANIES THAT CAN SEE BOTH SIDES.

The Secretary of State's Inquiry into Provision for Retirement is under way.

Submissions from interested parties have been called for by the end of the month.

And they're coming in. Oh yes, they're certainly coming in.

Time, we think, for a balanced view from a company that is actively involved with both sides, sees good on both sides - and sees nothing but harm if the level of debate descends to a battle.

### THE 'PORTABLE PENSION' SIDE

Work patterns have been changing in Britain for some years.

Many of our brightest and best move jobs at frequent intervals, and the effect of technological change on industry means that many more have to be re-trained - perhaps more than once - during their working lives to remain in gainful employment.

A very good argument says that these people are the nation's source of constructive change and growth in the economy - and that they should certainly not be penalised by pension fund arrangements more suited to the 1930s.

At Crown Life, we have been pioneers in the design of pension products that meet today's needs.

Our highly innovative Personal Pension Plan has been providing people with portable pensions for many years.

Our Pension and Family Protection Plan was introduced some years ago to provide a large workforce of people, all in non-pensionable employment, with what are in effect individual portable pensions.

And our Crown Bond was recognised by the National Press for offering the Early Leaver a one-man, unit-linked pension fund - provided of course the Trustees of his or her former employers' pension fund agreed to part with the value of the pension.

So we have many years of hard practical experience in the Portable Pensions market.

### THE 'GROUP PENSIONS' SIDE

The Group Pensions side of the argument is, frankly, rather better than some of its foremost proponents have made it sound.

For in the Britain of today, calling people who change jobs just three times during a working life 'fly-by-nights', simply suggests that the speaker (a council member of the National Association of Pension Funds) may be seriously out-of-date.

Far better, surely, to point out the sterling job that the Group Pensions system has done in providing decent pensions to millions of hard-working people in an age of unpredictable inflation.

Far better to point out what most professional advisers recognise to be no more than the truth: that, like it or not, it is the compulsory element of a Group Pension scheme which ensures that many people end up with adequate provision for their old age.

At Crown Life, we play a very full part on the Group Pensions side, too.

Our Pensions 2000 group schemes were launched in 1976, offering both final salary and money purchase options. Further updated in 1982, they are now the most flexible range of contracts on the market. Which is why in 1983 we believe that we wrote more small Group Pension schemes than any other company.

### OUR RECOMMENDATIONS

We have, this week, submitted our recommendations to the Inquiry.

We are very happy to admit that we are recommending a compromise.

We recommend a statutory right to transferability, with the amount of money transferred fixed according to a legally defined formula.

We recommend that the Early Leaver should have a statutory right to invest his transfer money in his own one-man pension fund.

We recommend a change in the law to allow for transferring pension values between self-employed and executive pension schemes.

However, we come down strongly against

any hasty change of legislation which precludes employers from making membership of a Group Pension Scheme a condition of employment.

The reason, simply stated, is that whether we like it or not, we have a deeply established system of institutional pensions which many people will rely on for many years to come.

In our opinion, you cannot dismantle a structure like the British Group Pensions system overnight without inflicting untold suffering on many people who deserve - and have been promised - better.

### MEANWHILE, WHAT CAN YOU DO?

Whatever your position - self-employed, in a large company, in a small company - if you are setting up a pension scheme you should talk to your professional adviser about our products.

With such a wide range, we can recommend the product that exactly fits your needs and still gives you maximum flexibility.

If you are an employee considering a change of employment, you can send for a free copy of our booklet 'You can take it with you'. You'll find it's full of practical advice on how to get the best pensions deal from both your old and new employers.

If you are a professional adviser yourself, and have not done business with us before, this surely is the time to get in touch.

And whoever you are if you would like a copy of our submission to the Inquiry, just tick the box in the coupon below.

To: Tony Kempster, Provision for Retirement Section, Crown Life, Crown Life House, Woking, Surrey GU21 1XW. Please send me a copy of: Your submission to the Inquiry into Provision for Retirement.  'You can take it with you'

Name \_\_\_\_\_  
Address \_\_\_\_\_  
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Crown Life Assurance Group  
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# A lot of it about

BY KENNETH MARSTON

**FINITE** — that was a popular word not so long ago. It kept on cropping up whenever natural resources were being discussed and was followed by dire warnings that the world was running out of oil and metals, although it was never very clear what you and I were supposed to do about it. Nor was it very clear as to when all the oil wells would dry up and no more metal would be produced.

These days the subject has been quietly dropped. More attention is being paid to the question of whether oil prices can be maintained at present levels and when, or if, metal prices will rise from the bargain basement.

There is just too much oil and metal around, we are told, and it is all because the producers geared themselves up for a big increase in demand which hasn't happened. Finite natural resources? Well, maybe, but not that you would notice. Meanwhile, the mining industry, at least, is following the sensible line that if you cannot make demand and prices go up, then the alternative is to make your costs go down. In the days

of galloping inflation such an approach would be laughed out of court. Not now.

It is already working. In the South African gold mining industry, for instance, total production costs of the mines in the Consolidated Gold Fields group decreased last quarter for the first time in 10 years. And this week the big Rustenburg Platinum Holdings has announced a fall in its costs during the half-year to December 31.

This is one factor behind the advance of 40 per cent in net profits to R89.2m (£22.2m). Others were an increase in both platinum production and sales; a gesture of confidence in the market was the decision to raise output rather than to meet the demand by further sales from the platinum stockpile.

But higher metal prices did not come into the picture. In fact, it could be said that Rustenburg is benefiting from lower metal prices because it is selling platinum on the basis of the free market levels which have been, and still are, considerably lower than the so-called producer price.

The latter, currently \$475 per ounce compared with \$382 on the free market, is still being followed by the rival Impala Platinum Holdings, although it is generally reckoned that good discounts are offered to many customers.

What remains to be seen is how much of Rustenburg's rise in fortunes results from its competitive price policy and how much reflects a general improvement in the market for the metal. We may be able to see the picture more clearly when Impala produces its half-year results next month.

Of course, if you cannot reduce costs in an existing mine, one alternative is to find another one where costs will be lower. Naturally, this is much easier said than done but it does partly explain why there is a world-wide gold prospecting boom at a time when the bullion price appears to be irrevocably bogged down at under \$400 an ounce.

What many of the prospectors are looking for—and finding—are shallow deposits of ore which can be cheaply mined by open-pit methods and where

new and more efficient techniques can be applied for extracting the gold from the ore. Such deposits can earn a good living even where the gold content is as low as 0.078 ounces, or 2.43 grammes, per ton of ore.

This is the case at the Gold Quarry deposit of America's Newmont Mining in Nevada. Confident that the deposit can earn a profit even at a gold price of something less than \$300 per ounce, Newmont is to take the project to production at a cost of some \$130m (£92.7m). After all, even if the deposit is very low grade it still holds some 8m ounces of gold.

Newmont, in which London's Consolidated Gold Fields has a stake of 25 per cent at present, has had a poor 1983 fourth quarter because of low prices for its copper and gold. The total earnings for the year, however, come out at \$52.4m, or \$1.73 per share, compared with \$48.6m.

Given a modest improvement in metal prices, this diversified major natural resource group could do much better this year. A good deal depends on the copper market which at present is very much over-supplied, particularly as a result of high production by some state-controlled operations which put the need for foreign exchange income ahead of other economic considerations.

As for gold, the present popular theory is that it will not rise while money finds a more attractive haven—in the strong U.S. dollar and high transatlantic interest rates. At the same time, the U.S. trade deficit continues to mount and this could eventually reverse the rise of the dollar. This view has been expressed by, among others, Mr Donald Regan, the U.S. Treasury Secretary.

Meanwhile, gold remains out of fashion with all except the man in the street. He still buys Kruggerand coins, sales of which rose 30 per cent to an awesome 3.5m ounces of gold last year. He also tends to keep away from the market, except to sell, when prices rise, simple fellow. Perhaps there is a moral in this somewhere for the "experts" to consider.

● Australia's MIM Holdings has made an uncertain start to its financial year to June 30. After earning A\$10m (£6.5m) in the first three months, the group has suffered a second quarter loss of A\$3.8m after writing off A\$5.9m on oil exploration.

But matters have been righted by a special credit of A\$8.57m on "reservation of output." Trouble is that nobody quite knows what this means and MIM is keeping coy, saying only that it is a commercial matter. Shareholders may take the same view about investment in MIM.

## Rates and central heating

In 1964 when I purchased my house I installed partial central heating but made no provision for hot water from the system, as there was no water tank.

Between 1964 and 1980 I had visits from local valuation officers but no alterations were made to the rateable value of my house.

In 1980, after major burst pipe damage, I decided to carry out various internal improvements, none of which were rateable, and I received a local authority improvement grant towards some of the

work. I also put in a new central heating system with a new boiler, water tanks and hot water supply. What, please is the position?

If it is the case that the Valuation Officer had knowledge of your installation of partial central heating before you undertook the further works in 1980 we think that even if he might otherwise have sought a revision of your rating valuation because of the pre-1974 alterations, he would now be stopped from making a proposal to alter the list.

### FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

#### Executor and legatee

I am the sole executor of my father's will and sole recipient of his estate consisting almost entirely of invested funds. From when will I be responsible for tax on interest accruing and paid between the time of his death and actual receipt of the money or investments: from the date of his death, from the date of grant probate, from the various dates when the funds actually pass into my hands or from when?

From the date of his death. Ask your tax inspector (or your father's) for the free pamphlet IR45 "What happens when someone dies."

#### Tax relief on interest

Enclosed please find some documents in connection with the purchase of a house by my uncle. Could you kindly advise if it is possible to obtain tax relief on the interest paid i.e. £128.08. We also incurred costs (for materials, etc.) of £500 to repair and improve the house to the Building Society's Valuers' satisfaction before we

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post or soon as possible.

could obtain the mortgage; he did not apply for a grant on this. Would he be entitled to claim any tax relief on this? The answer to your first question is yes, in principle. Your uncle can check the position by asking his tax inspector for a copy of the free booklet IR11 (Tax treatment of interest paid). The answer to your second question is no.

## Appeal against VAT

I recently put up a new permanent construction along the whole of the bottom edge of my roof, some 20 feet long and about 10 inches high, on one side of the house only. The object, to stop slates falling on people in the conservatory below (as had occurred). There are 19 galvanised iron supports to hold the barrier up and it cost £250 inclusive scaffolding erected by the firm of builders.

Although the local VAT office have told me, in answer

to my query, that a lightning conductor would not attract VAT they insist that my new barrier construction would. Can you tell me what tribunal or other machinery exists for an appeal at what I think is a wrong decision?

It is possible to appeal against a decision of the Customs and Excise regarding VAT to the VAT Tribunal which is a body independent of the Customs and Excise. Your local VAT office will provide you with an explanatory leaflet which sets out the procedure

#### Interest on a deposit

I'm about to buy a three-acre piece of bare ground on which I intend building a bungalow. Can you please tell me if the usual 10 per cent deposit earns interest for me until the final completion date? Or, is the interest which accrues during this interim period claimed by the solicitor?

No. The deposit paid under a contract of sale will earn interest for the deposit-holder if he holds it as stakeholder, or for the vendor if the deposit is held as agent for the vendor.

**Today's Rates 10½%-11%**

**3i Term Deposits**

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 10.28.84 are fixed for the terms shown:

| Terms (years) | 3   | 4   | 5   | 6  | 7  | 8  | 9  | 10 |
|---------------|-----|-----|-----|----|----|----|----|----|
| Interest %    | 10½ | 10½ | 10½ | 11 | 11 | 11 | 11 | 11 |

Deposits to and further information from the Treasury Investors in Industry Group plc, 91 Waterloo Road, London SE1 8XP. Tel: 01-928 7822 Ext. 367. Cheques payable to "Bank of England, 40 Investors in Industry Group plc."

## There are two sides to every pensions story

**THE ADMINISTRATOR**

"Is there a way of reducing the early leaver administration burden while maximising the investment potential?"

**THE EMPLOYEE**

"If I decide to leave my job, what's the best way to ensure that I get value for money from my pension scheme?"

### Before launching PENSION PROTECTOR London Life listened to both

Whether you're running a company pension scheme or simply paying in your hard-earned contributions, the problems created by frozen pensions are equally daunting.

Administrators have to keep past employees' files open for years on end. They often have more ex-employees to deal with than current contributors, and the task of tracking down early-leavers at retirement can be time-consuming.

Employees who change jobs can run the risk of leaving behind some of the advantages to which they would have been entitled at retirement.

PENSION PROTECTOR has been designed to meet the needs of both groups. It enables early-leavers to transfer into an individual policy backed by London Life's enviable investment record, allowing them to maximise their benefits. At the same time, administrators are freed from the burdens created by pension-freezing, while enabling them to offer employees an appealing and cost-effective alternative.

For realistic comparison, PENSION PROTECTOR always offers a 'matching' quotation, based, as far as possible, on the structure of the preserved scheme benefits. Once the comparison has been made there can be considerable flexibility in providing benefits to meet individual requirements and to maximise the with-profits element.

Whatever your story, it will pay you to find out more. Fill in and return the coupon today for full details, or call John Lowe on Bristol (0272) 279179.

To: John Lowe, The London Life Association Ltd., Freepost, 100 Temple Street, Bristol BS1 6YJ.

Please send me details of PENSION PROTECTOR.

Name \_\_\_\_\_

Address \_\_\_\_\_

Postcode \_\_\_\_\_

Daytime Telephone No. \_\_\_\_\_

Are you involved in Scheme administration?  Yes  No

**London Life—over 175 years of assurance**

**UP 92% in 1983**

**Britain's No.1 Far East Trust\***

**Britain's No.2 Trust overall\***

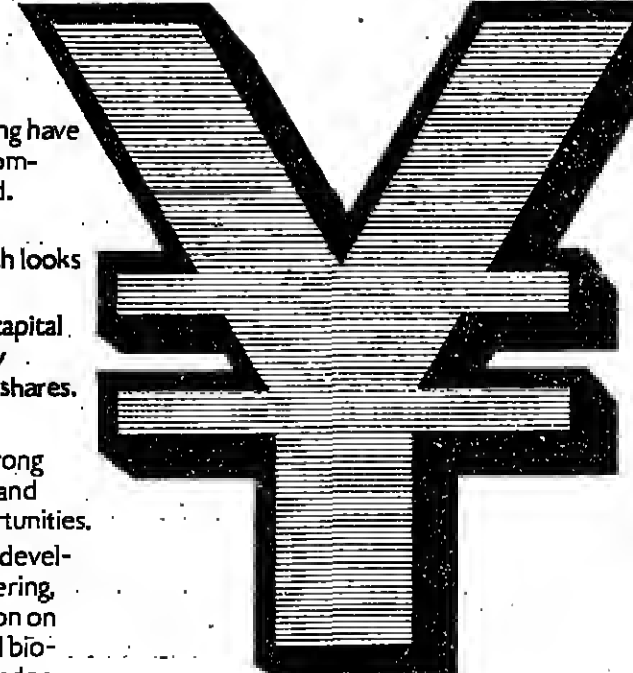
# ABBHEY JAPAN TRUST

- Skills in technology and marketing have made household names of Japanese companies and products around the world.
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The estimated gross annual income yield on the offer price of 128.4p (at 1 January, 1984) was 0.23%.

Remember the price of units, and income from them, may go down as well as up.

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**Continuing Growth**

Japan's exports are based on a strong home market and skilful identification and exploitation of overseas market opportunities.

Western markets are now being developed through joint ventures in engineering, such as BL/Honda, and by concentration on new technologies, such as robotics and biotechnology, in which Japan is a world leader.

Exports of more traditional products, such as cars and household appliances, are being rapidly expanded to the less industrialised countries in the Pacific basin.

In all, a picture of continuing growth.

**Investment Management**

Investment managers to the Trust are Abbey Life Investment Services. In addition to the specialist services available to institutional investors, they have access to worldwide economic and market intelligence exclusive to ITT companies.

**\* Performance**

During the 12 months to 1 January, 1984 the unit offer price rose 92%, from 66.7p to 128.4p making it the top performing Far East unit trust and the 2nd top performing of all authorised unit trusts over that period (Source: Planed Savings).

The unit offer price rose by 156.8% since launch to 1 January, 1984. The equivalent rise in the Tokyo NSE Index was 68.6% (adjusted for currency movement).

**The Portfolio**

Share selection is based to a large extent on prospects for companies to expand in both overseas and domestic markets in the following main areas of activity in which Japan has particular skills:

**Electricals & Electronics**  
**Biotechnology and Health Care**  
**Capital Goods, Chemicals**

**General Information**

You can buy or sell units on any business day. A Contract Note will be sent on receipt of your instructions, and a Unit Certificate issued within 6 weeks. Payment for repurchased units is normally made within 10 working days of receipt of your renounced Unit Certificate. Prices and yields appear daily in the FT. An initial charge of 5% is included in the offer price. An annual charge of 0.75% of the Trust's value plus VAT is deducted from the Trust's gross income (the Trust Deed permits maximum charges of 7% initial and 1.5% annual). Remuneration is paid to qualifying intermediaries: rates on request. Income is distributed annually on 30th November. Trustee: The Royal Bank of Scotland London Trustee Company. The Trust Deed contains provision, subject to necessary approval, for investment in Traded Options. The Trust is a Wider Range investment. Offer not open to residents of the Republic of Ireland.

**Application Form**

To: Abbey Unit Trust Managers Limited, 1-3 St Paul's Churchyard, London EC4M 8AR (Reg. Office). Tel: 01-236 1833.

I/We enclose cheque for £ \_\_\_\_\_ (minimum £500) payable to Abbey Unit Trust Managers Ltd., for investment in Abbey Japan Trust at the offer price ruling on receipt of this application.

I/We wish the income to be automatically reinvested to purchase additional units (delete if not required)

I am/We are over 18 years of age.

Surname \_\_\_\_\_

Forename(s) Mr/Mrs/Miss \_\_\_\_\_ (BLOCK LETTERS PLEASE)

Address \_\_\_\_\_

Postcode \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Joint Applicants should all sign and enclose details separately. FT/26/84

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There are over 600 unit trusts offering you a bewildering array of investment opportunities. Let us simplify things for you. F & C Unit Management have four unit trusts, each with a clearly defined investment strategy. Three are among the top 10 performers in their sectors according to Money Observer (December 1983). The fourth, the F & C American Fund, was launched in September 1983.

**F & C American Fund**

Objective: long term capital gain.

Portfolio: telecommunications, healthcare, computers & software services.

Performance: + 7.0% since launch (30.9.83); (S&P Composite Index: -1.0%).

**F & C Far Eastern Unit Trust**

Objective: long term capital gain.

Portfolio: equities quoted in Japan, Australia, Singapore/Malaysia and Hong Kong.

Performance: + 40.1% since launch (28.4.83); (Japan Dow Jones Index + 14.5%).

**F & C Capital Fund**

Objective: maximum capital gain consistent with stability & security.

Portfolio: micro electronics; biotechnology; telecommunications; security.

Performance: + 11.2% since launch (28.4.83); (All-share Index + 6.56%).

**F & C Income Fund**

Objective: maximum income compatible with steady capital gain.

Yield: 5.89% gross

Portfolio: UK long-term growth companies; secure high yields; special situations.

Performance: + 11.3% since launch (28.4.83); (All-share Index + 6.56%).

If you have problems about which trust is the right one for you, contact our Free Advisory Service. As part of the Foreign & Colonial Group, we have over 116 years international investment experience to draw on.

If you would like further details about us or any of the four trusts, please complete this coupon and return it to: F & C Unit Management Ltd, 1 Laurence Pountney Hill London EC4R 0BA

F & C American Fund  F & C Capital Fund Name \_\_\_\_\_

F & C Far Eastern Unit Trust  F & C Income Fund Address \_\_\_\_\_

Further Details

## Foreign & Colonial MANAGEMENT GROUP



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Here are just three examples of the guaranteed income you would have received based on Stock Exchange closing prices on 23rd January, 1984 for an investment of £10,000.

| Year of Capital Repayment | Monthly Income | Quarterly Income | Half Yearly Income |
|---------------------------|----------------|------------------|--------------------|
| Stock A (1985)            | £81.24         | £243.72          | £487.44            |
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| Stock C (1995)            | £83.57         | £250.70          | £501.40            |

For a personal quotation with no obligation whatsoever, simply complete and return the coupon without delay.

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To: Barlow Clowes & Partners, Wandford Court, Throgmorton Street, London EC2N 2AT. Tel: 01-588 0838 (24-hour answering service). Please send me details of Portfolio 30, together with a personal quotation of the income I can expect to receive.

Income required:  Monthly  Quarterly  Half-Yearly  Annually

Amount available for this investment: £

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

# Easing sickness Victorian style

ERIC SHORT describes a new type of health insurance contract for the self-employed.

IT IS rare nowadays to hear of a friendly society promoting a service which is designed, not to avoid tax, but to meet one of the original Victorian purposes of the societies — the payment of sickness benefits.

The Tunbridge Wells Friendly Society this week launched a revamped permanent health insurance contract, called PHI+, aimed primarily at the self-employed. Like all permanent health contracts it provides a weekly income benefit throughout the period the policyholder is sick or disabled.

But these contracts are designed to cover long-term illness, so the payments start only after a specified period from the onset of the illness. The policyholder selects this deferral period when he takes out the policy. The longer the period of deferral, the lower the premiums.

However, this new plan from Tunbridge Wells Equitable has two unusual features.

A normal permanent health contract terminates at the end of the cover period, usually at age 65, when if the policyholder has made no claim, he receives nothing.

The Tunbridge Wells Equitable plan operates on a with-profit basis. Companies in permanent health business can expect fluctuations in the amount paid out in claims each year. This society, with assets of £37m, is a minor exception to the general life assurance companies. So it has built a contingency margin in its premiums, which is returned in the form of bonuses to policyholders.

This bonus will be based on the profits earned by the society. The investment returns on its sickness funds are tax exempt.

| Man aged (next birthday)         | 30 years | 40 years | 50 years |
|----------------------------------|----------|----------|----------|
| PHI                              |          |          |          |
| Monthly premium                  | £17.36   | £25.10   | £39.90   |
| Total premiums payable to age 65 | £7,244   | £7,536   | £7,181   |
| Projected bonus at age 65        | £16,050  | £5,824   | £1,800   |
| Typical Insurance Company        |          |          |          |
| Monthly premium                  | £14.85   | £21.33   | £33.50   |
| Total premiums payable to age 65 | £6,237   | £6,377   | £6,030   |
| Projected bonus at age 65        | Nil      | Nil      | Nil      |

The result is that the premiums charged under PHI+ are higher than average of those from a life company. But policyholders can look forward to a substantial bonus payment when the contract terminates at age 65. The table shows the effect of the bonus system.

Secondly, policyholders have the choice of having their benefit payments index-linked in line with prices, up to a maximum of 10 per cent each year. The premiums are increased by 10 per cent for this option.

Tunbridge Wells Equitable was founded over 100 years ago. But whereas the sickness policy then was designed for lower-paid employees, it is the self-employed who will find the new PHI+ most attractive.

The self-employed have to rely on the social security system for payments in times of sickness, as there is no benevolent employer to fall back on. And £25.95 a week benefit for a single person, £41.95 for a married couple, is hardly enough to live on.

Under current tax legislation, the PHI sickness benefits are paid tax-free for the remainder of the current tax year in which benefits commence and the whole of the following tax year. But after that they are treated as unearned income.

This is favourable for the vast majority of claimants, but it hits the permanently disabled.

The Tunbridge Wells Equitable follows the example of almost all life companies in charging higher premiums for women — a feature that the Equal Opportunities Commission regards as sex discrimination.

# PENSIONS Why we say, Not enough, Minister

THE SECRETARY of State for Social Services, Mr Norman Fowler, has called for the views of interested bodies and individuals on portable pensions. The evidence has to be received by January 31 so that it can be considered by the Minister's special inquiry into provision for retirement. Here, two of the Financial Times' regular writers on pensions set out their personal views.

Dear Mr Fowler, WE are delighted to see that you are proving much more determined to tackle some of the inadequacies of the occupational pension scheme system than were some of your predecessors.

Like a number of other journalists we have repeatedly pointed out the unfair way in which job changers have been treated by the typical occupational scheme. This has attracted the response from traditional pensions practitioners that we are reflecting the interests of here-today, gone-tomorrow newspapermen and are ignoring the requirements of loyal workers.

More recently, waves of compulsory redundancy and a far-reaching restructuring of the British economy have demolished such arguments. And we would like to point out that with a combined service on the FT of some 35 years we are far from being rootless fly-by-nights.

Your current proposals to improve the pension rights of job changers through legislation are welcome so far as they go, but their inadequacy serves to emphasise the difficulties of perfecting the present system. The cost to industry of schemes which actually delivered in all circumstances to everybody what they purported to deliver — two-thirds of final salary after 40 years' service — would be immense.

The barrier to mobility is a consequence of the paternalism in the occupational pensions system. But in other respects it is entirely welcome that an employer should seek to secure his worker's old age even when the worker, through short sightedness, might be unwilling to make voluntary provision. There is a place for paternalism as well as freedom of choice. But the balance is not right.

The relationship between the State pension scheme, private schemes and individual saving needs to be rethought. At lower earnings levels the state earnings-related scheme already plays the most important role. Slightly higher up the earnings scale, occupational schemes provide a useful supplement.

But for the more highly-paid, the typical occupational scheme can be both over-ambitious and suffocating. Without destroying the funding basis of a scheme it would be possible to give higher paid members the right to opt for a lower benefits scale. There would then be scope for diverting contributions into tax-sheltered additional personal retirement plans.

These could be merged with the existing facility for additional voluntary contributions. At present AVCs are not portable, and indeed are only made available in a scheme at the discretion of trustees. You will have found out that there is already much agreement in this area within the pensions industry.

It will be necessary to overcome the resistance of the Inland Revenue to the introduction of further tax shelters — but there need not be much change in aggregate. Care will also be needed to cope with the reluctance of pension schemes to accept extra administrative burdens. But the advantages in terms of individual choice, greater mobility and broadening of the investment markets would be substantial.

The fabric of final salary schemes must be preserved. They provide a cost-effective answer for many, perhaps most, employees. But we believe there is a need to find ways of reconciling practical constraints with a greater freedom of choice.

Yours sincerely  
BARRY RILEY  
ERIC SHORT

# The resurrection of ITU

HOW INVESTMENT fashions change. Not so long ago Save and Prosper would have been anxious to hide the fact that it manages the biggest unit trust in the UK, Investment Trust Units (ITU), with £280m of assets.

In the mid to late 1970s it was one of the poorest performing vehicles of its kind. Press criticism at the time led to a deluge of phone calls and letters from disgruntled investors at S and P's headquarters.

But as Save and Prosper enters its 50th anniversary year, it has felt sufficiently confident to launch a major new advertising campaign for ITU.

"Share in the strength of Investment Trust Units," reads the bold headline which appears under a chart in the new "ads" illustrating the trust's healthy long-term performance history, offer price up almost 34 times since its formation in 1937, against an increase in retail prices of more like 20 times.

Because it invests wholly in investment trusts — publicly quoted companies which put their money into other companies both at home and overseas — ITU's recent revival is a consequence of the fortunes of this stock market sector.

Last year, for example, investment trusts yielded a total return of 37.7 per cent, compared with a rise in the offer to offer price of ITU of 39 per cent and an increase in the FT-Actuaries All Share Index of 27.3 per cent. Investment trusts have outperformed the index over two and five years with similarly beneficial results for ITU.

Besides, rising stock markets throughout the world, a boost has come in the last year from the narrowing of the discount between investment trusts' underlying assets and their share price.

It was this discount — which widened from 3.5 per cent in 1972 to 35 per cent in 1978 and above 40 per cent on occasions — which dogged the investment trust sector in the mid and late 1970s and inevitably dragged down ITU at the same time. Investment trusts' borrowings exaggerated the effects of the 1974 bear market.



Save and Prosper, as one of the biggest shareholders in the sector, was one of those institutions which, possibly rather late in the day, applied pressure to investment trust managers, supported the conversion into unit trusts and takers over of some of the laggard companies. The discount has now fallen to about 25 per cent.

But while investment trusts should continue to do better than average if markets continue to rise, they have a tendency to fall more than the average when equities fall out of favour.

Tim Dickson

# INVESTORS-

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\*Interest Rates quoted correct at time of going to press.

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# BUILDING SOCIETY RATES

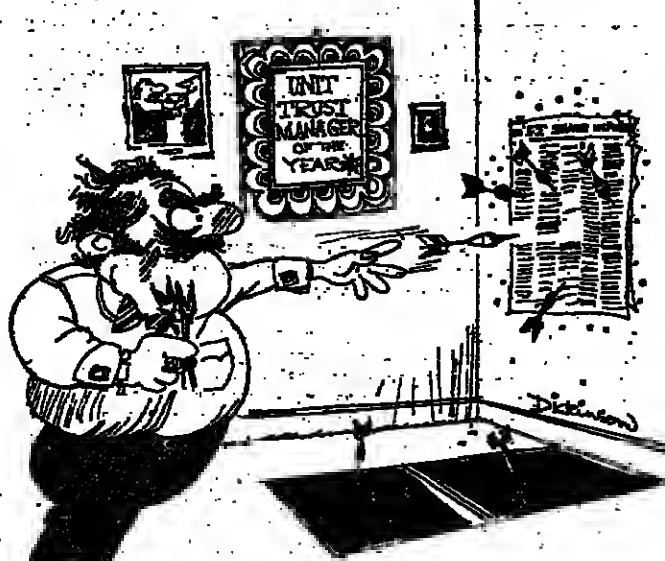
|                         | Share | Sub'n  | Others |                                                                                                                                      |
|-------------------------|-------|--------|--------|--------------------------------------------------------------------------------------------------------------------------------------|
|                         | a/c   | shares | %      | %                                                                                                                                    |
| Abbey National          | 7.25  | 8.25   | 8.25   | 7 days' notice. No interest penalty                                                                                                  |
|                         |       |        | 8.75   | Higher Interest acc. 90 days' notice or charge 6.00-7.50 Cheque Save                                                                 |
| Aid to Thrift           | 8.50  | —      | —      | —                                                                                                                                    |
| Alliance                | 7.25  | 8.25   | 8.25   | Monthly Income—3 months' notice                                                                                                      |
|                         |       |        | 8.50   | 28 days' notice, imm. withdl., 28 days' penalty                                                                                      |
|                         |       |        | 8.25   | 7 days' notice. No interest penalty                                                                                                  |
| Anglia                  | 7.25  | 8.25   | 8.75   | 3-year Bond. No notice. 3 months' penalty                                                                                            |
|                         |       |        | 8.50   | Capital Share. No notice. 1 month's penalty                                                                                          |
| Bradford and Bingley    | 7.25  | 8.25   | 8.50   | 1 month's notice or on demand                                                                                                        |
|                         |       |        | 8.25   | 7 days' notice                                                                                                                       |
| Britannia               | 7.25  | 8.25   | 8.25   | 7 days' notice. 8.50 2 months' notice                                                                                                |
| Cardiff                 | 8.00  | 8.75   | —      | —                                                                                                                                    |
|                         | 8.50  | —      | —      | —                                                                                                                                    |
| Catholic                | 7.50  | 8.50   | 8.50   | 6-month deposits. Monthly income                                                                                                     |
| Century (Edinburgh)     | 7.75  | —      | 8.75   | 2/3 years. Details supplied.                                                                                                         |
| Chelsea                 | 7.25  | 8.25   | 8.75   | Immed. withdrawal (int. pen.) or 1 mth's not.                                                                                        |
| Chester and Gloucester  | 7.25  | 8.25   | 8.25   | Gold account £1,000+. no notice no penalties. Monthly interest. £5,000 minimum. 8.57 if compounded                                   |
| Citizens Regecy         | 7.50  | 9.00   | 8.40   | plus account no penalty. Double option 8.50                                                                                          |
| City of London (The)    | 7.50  | 8.25   | 9.00   | 6 months' notice—no penalty                                                                                                          |
| Derbyshire              | 7.25  | 8.50   | 9.00   | 8.25 1 month's not., 7.75-8.80 3 months' notice                                                                                      |
| Greenwich               | 7.25  | 8.50   | 8.50   | (max.) at 28 days' notice/penalty                                                                                                    |
| Guardian                | 7.50  | —      | 8.75   | 3 months, £1,000 minimum                                                                                                             |
| Halifax                 | 7.25  | 8.25   | 8.25   | Xtra Interest, 7 days' notice, no penalty                                                                                            |
|                         |       |        | 8.50   | Xtra Interest PLUS 28 days' notice, no penalty                                                                                       |
|                         |       |        | 8.75   | Special Inv. Cert., 3 months' notice/penalty                                                                                         |
| Heart of England        | 7.25  | 8.50   | 9.00   | 8.25 5-day Notice Account                                                                                                            |
| Hemel Hempstead         | 7.25  | 8.50   | 8.75   | 3 years, 8.50 28 days                                                                                                                |
| Hendon                  | 8.25  | —      | 8.75   | 3 months                                                                                                                             |
| Lambeth                 | 7.50  | 8.75   | 9.10   | 28 days plus loss of interest, 8.25 3 months                                                                                         |
| Leamington Spa          | 7.25  | —      | 8.50   | Top. Ten. 8.75 Lion Share                                                                                                            |
| Leeds and Holbeck       | 7.25  | 9.00   | 9.00   | 2 years with monthly int. 8.75 1 month's pen.                                                                                        |
| Leeds Permanent         | 7.25  | 8.25   | 8.50   | Ex. Int. 8.50 min., 28 days' notice/penalty                                                                                          |
| Leicester               | 7.25  | 8.25   | 8.25   | 3 months. 9.02 3 years                                                                                                               |
| London and Grosvenor    | 7.75  | —      | 8.25   | High Yield (1 month)                                                                                                                 |
| London Permanent        | 7.75  | —      | 8.75   | 1-year term. Imm. withl. with loss of 1% bonus                                                                                       |
| Midshires               | 7.25  | 8.75   | 8.75   | 3-yr. term with 0.5% bonus on mat'y if relin'ed.                                                                                     |
| Mornington              | 8.50  | 8.50   | —      | —                                                                                                                                    |
| National Counties       | 7.25  | 8.25   | 9.10   | 28 days' notice & loss of interest. +£1,000+                                                                                         |
| National and Provincial | 7.25  | 8.25   | 8.50   | 1 month's notice plus monthly income                                                                                                 |
| Nationwide              | 7.25  | 8.25   | 8.75   | Capital Bonds, 3 yrs., £500 min. with 90 days' loss or notice. Bonus account 8.25. £500 minimum withdl. with 28 days' loss or notice |
| Newcastle               | 7.25  | 8.50   | 8.75   | 4 years, 8.25 28 days' notice, or on demand with penalty, 8.50-90 days' notice, or on demand with penalty                            |
| Northern Rock           | 7.25  | 8.50   | 8.25   | 7-Day Moneyspinner, 7 days' not. w/d. no pen.                                                                                        |
|                         |       |        | 8.75   | Premium Moneyspinner on demand, 28 days' loss of interest on amount w/d.                                                             |
| Norwich                 | 7.25  | 8.50   | 8.50   | City Account, imm. withdl. with no penalty                                                                                           |
| Paddington              | 7.75  | 9.25   | 8.75   | 1 mth's not. or 1 mth's int. loss on sums w/d.                                                                                       |
| Peckham                 | 8.00  | —      | 8.25   | 1 month, 8.50 2 years, 9.00 3 years                                                                                                  |
| Portman                 | 7.25  | 8.75   | 8.75   | Two months' notice, 8.25 no notice                                                                                                   |
| Portsmouth              | 7.55  | 9.05   | 8.40   | 5 years, 9.00 6 months, 8.50 1 month                                                                                                 |
| Property Owners         | 7.75  | 9.00   | 8.75   | 28 days, 8.75 3 months, 8.50 monthly income                                                                                          |
| Scarborough             | 7.25  | 8.50   | 8.25   | Money Care and Free Life Insurance                                                                                                   |
| Skipton                 | 7.25  | 8.50   | 8.25   | £1,000-£4,999 Sovereign, no penalties, no notice                                                                                     |
|                         |       |        | 8.50   | £5,000+, no penalties, no notice                                                                                                     |
| Stroud                  | 7.25  | 8.50   | 8.25   | 3 months, 8.25 1 month no penalty with notice                                                                                        |
| Sussex County           | 7.25  | 9.00   | 8.25   | 7 days' notice, 8.50 Ex.Sh., 7.50 Sh. a/c £2,500+                                                                                    |
| Sussex Mutual           | 7.50  | 8.00   | 8.75   | 1 month's notice/imm. with 28 days' penalty                                                                                          |
| Thrift                  | 8.15  | —      | 9.15   | 3-year term. Other accounts available                                                                                                |
| Town and Country        | 7.25  | 8.25   | 8.75   | 3 yrs. j-yrly. int. Monthly income w/d. facility                                                                                     |
|                         |       |        | 8.50   | 7 days' notice no interest penalty. j-yearly int.                                                                                    |
| Wessex                  | 8.20  | —      | 8.25   | 7 days' notice                                                                                                                       |
| Woolwich                | 7.25  | 8.25   | 8.50   | 28 days' notice or on demand (interest pen.)                                                                                         |
|                         |       |        | 8.30   | Diamond Key, 60 days' penalty or 2 months' notice without penalty                                                                    |
| Yorkshire               | 7.25  | 8.25   | 8.25   | —                                                                                                                                    |

All these rates are after basic rate tax liability, has been settled on behalf of the investor.



UNIT TRUSTS

Do the managers earn their keep, or could you do better without them



Record in sales but not in performance

CLIVE WOLMAN discusses whether unit trusts' marketing claims are justified and whether their managers can beat the market

THE WORLD is not the way they tell you it is. That is how 17 years ago The Money Game, a classic review of professional investment managers on Wall Street began.

But the warning should be repeated today to followers of unit trusts on this side of the Atlantic at a time when their popularity is surging to levels not achieved since 1972.

The 1983 gross sales total of £2,459m in new units is an all-time record, as is the value of funds now under management, approaching £12,000m.

The rising stock markets around the world have assisted unit trust sales. But their success is also due to acceptance of another theme, which underlines all the promotional and marketing literature.

The message is that there are some clever men around who understand how the stock market works and which shares are going to do well. All you have to do is track them down by seeing how much money they've made for their clients in the past (please note our performance figures attached).

Then hand over your money and sit back and wait for the profits to roll in.

A stream of winners of unit trust performance competitions in 1983 have been announced over the last three weeks. All over the City, fund managers are sticking up in their reception halls framed certificates showing that their Japanese Smaller Companies Fund or European Special Situations Fund came top of the league in this or that category in 1983.

In case you didn't get the point, the display of these trophies is meant to prove that their owners possess special skills or understanding that enable them to beat the stock market.

Nowhere is it suggested that the owners may just have been the fund managers who have thrown four sixes of the dice in a row. Nowhere is it suggested that you, me, your four-year-old kid or the little old lady next door would on average have made, or lost, just as much money as they have—even if we pick our stocks by throwing darts at the prices pages of the Financial Times.

Your local unit trust broker, or advisory service, may readily

information on unit trusts' performance record is either misleading or inadequate or both.

To give one example, several unit trusts in brochures and advertisements compare the returns on their units over whatever period happens to suit them with the returns on the FT-Industrial Ordinary Index of 20 shares.

The principle of comparing performance against a stock market index is sound. If fund's value rises less than the index over a period, this means that an investor could have done better had he bought all the shares in the index in the correct proportions (if he had the money) without discrimination.

Even if he had bought just a random selection of shares, he probably would have done better.

But the FT 30-share index is designed to measure only short-term changes in the market, hour by hour. The only accurate long-term measure is the FT-All-Share index covering 748 shares. In the eyes of unit trust marketing men, however, the attraction of the 30-share index is that, because of its composition, in the long term it substantially understates the rise in stock market. Thus a fund's performance is made to appear more respectable by comparison.

The record of unit trusts in disclosing break-down of their portfolios and performance, is poor even in comparison with UK investment trusts and pension funds (or at least with the information that pension funds supply to their trustees' consulting actuaries).

The comparison with U.S. mutual funds and other managed funds is even worse. Yet unit trusts last year spent £50m on advertising and nearly £50m on commissions to supply financially astute brokers and intermediaries in order to "inform" the public about their investment skill and record.

In view of Professor Jim Gower's proposals to allow unit trusts to be sold by fast-talking salesmen on the doorstep, the disclosure record of unit trusts is a matter of concern.

At the very least, the brokers of unit trusts might be held to more demanding statistics showing: The return an international fund has achieved in each stock market, compared with the market index.

The returns from currency movements and the returns from switches between different markets.

The returns from switches between different industrial sectors and the returns from stock selection within those sectors.

A measure of the volatility, and therefore the risk, of each sector of the portfolio and of the portfolio as a whole—and changes over time.

The sad story of the Britannia Gold and General unit trust illustrates the inadequacy of the present performance figures.

investor was buying individual shares he would have to pay stockbroker's commission, jobber's turn and stamp duty.

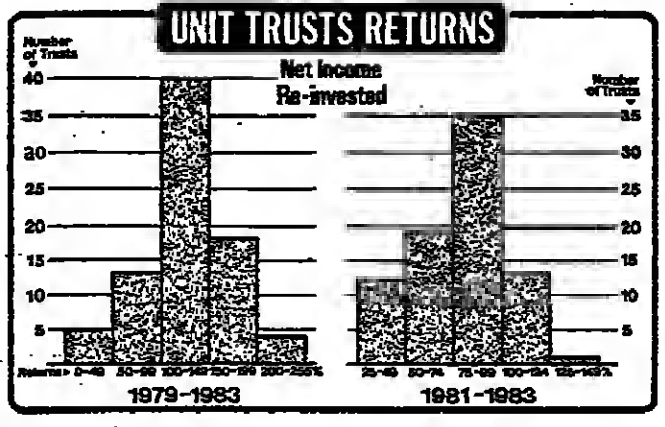
Because the information available is so limited and because the figures stretch back only over five years, it is difficult to draw any firm conclusions. Ten year performance records would be more useful.

But at the very least, the results over five years show that the average fund has underperformed the stock market index. This conclusion is in line with the returns achieved by pension fund managers investing in UK shares. Over the long term, they too have underperformed the index.

These results do not necessarily mean that the investor should sell all his unit trust holdings and invest in the market directly. Certain unit trusts investing in certain sectors may be worth subscribing to.

And the alternative methods of investing in the stock market are often limited, expensive and complicated. But, particularly with the emergence of new financial instruments, they must be considered.

These issues will be discussed over the next few Saturdays.



A measure of returns against the average

DESMOND CORNER and JOHN MATATKO of Exeter University explain how they have tested fund managers

OVER THE past five years gross sales of unit trusts in the UK increased around fivefold to reach nearly £2.5bn in 1983. Although much of this money went into new foreign market trusts, sales of UK orientated trusts also increased. We examine here the returns made by those trusts which were almost wholly invested (90 per cent or more) in the UK during the past five years. We compare below the performance of all such (80) daily-priced non-

accumulator units trusts over five and three years against the FT Actuaries All Share Index. Performance figures are based on data held at the Esmée Fairbairn Centre and returns are calculated on an offer-to-offer price basis with net distributions reinvested. Income on FT Actuaries All Share Index has likewise been reinvested.

During the five-year period 1978-83 the FT Actuaries All Share Index showed a gain of 160 per cent; and over a three-year period 79 per cent. The comparable average returns for all trusts were 128 per cent and 80 per cent respectively. Thus, over the longer five-year period our 80 unit trusts failed on average to perform as well as the Index, taking capital gains and losses and distributions into account, but over the shorter period they did slightly better than the Index.

To judge the performance of a fund manager, the objectives of his fund must be taken into account. Income-orientated funds, for example, have to select stocks from a more limited range than for general funds, as they must ensure adequate yields on individual securities. Income stocks within the Index may fail to perform as well as other stocks and hence as well as the Index.

Sector weighting of portfolios have a major effect on performance. To take one example — oil — companies account for around one tenth of the value of the stock market.

A fund may have a higher or lower proportion than this. And as, over the five-year period, oil stocks have fluctuated more violently and in different ways from the Index, the proportion of oils could have had a major effect on a fund manager's capital performance. A single decision could make a large difference.

The performance of individual trusts diverged greatly, as may

Percentage Returns over 5 and 3 Year Periods

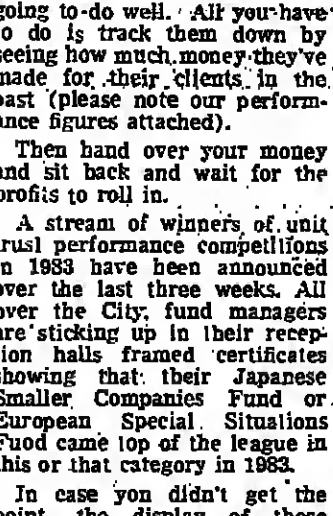
Table with columns: 5 Year Performance, 3 Year Performance, Average Total Return %, Worst, Best. Rows include Income Growth (33), General (26), F.T.A. All Share Index, Income Growth, General, F.T.A. All Share Index.

be seen from the charts. For instance 50 per cent of all trusts returned between 100 per cent and 150 per cent over five years and almost 45 per cent between 75 per cent and 100 per cent over three years.

When considering investment in a "straightforward" UK equity portfolio, the investor will find three main types of trusts. These are classified as income, growth and general. Trusts in the first two categories have as their respective objectives high current yield and capital growth. The general trusts attempt to achieve a balance between yield and capital appreciation in their portfolios. Many analysts feel that "growth" portfolios tend to be more volatile than the other two objectives, offering both the chance of higher gains and the risk of a greater fall.

Two main issues confront the investor. Do these three types differ in their performance? Having chosen the trust type, does choice of particular trust within that type matter? The trust performance table shows a breakdown of five and three year returns by trust type. It is worth noting the relative paucity of growth funds in the table. This reflects our concentration on funds with a UK

UNIT TRUSTS



to sell the shares in their companies at apparently knock-down prices to foreigners, is not explained.

Instead, if you agree, the broker will switch your money into the fund deducting from it a 3 per cent commission and marketing allowance — for himself.

Admittedly, the best way and probably the only way of deciding whether a fund manager is likely to make you above-average profits in the future is to look at evidence of his investment skill in the past.

But it is almost impossible to do so at present because the

The rising stock markets around the world have assisted unit trust sales. But their success is also due to acceptance of another theme, which underlines all the promotional and marketing literature.

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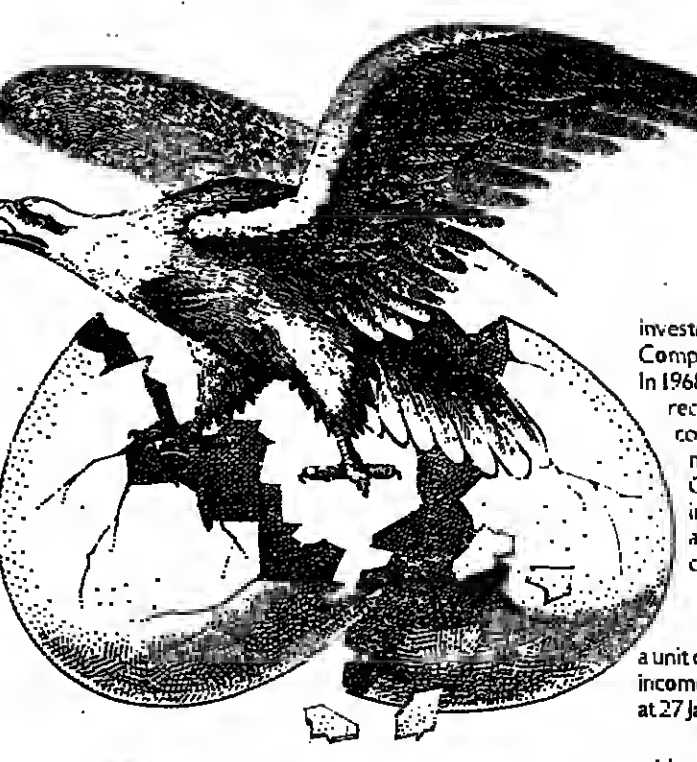
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Your local unit trust broker, or advisory service, may readily

ABBNEY U.S. EMERGING COMPANIES TRUST

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Hal Bigler was formerly in charge of securities investments at Connecticut General Life Insurance Company and was responsible for assets of U.S.\$14 billion. In 1968 he originated their venture capital programme, recognised as one of the most successful in the U.S. His colleague, Don Lattimer was formerly Chief Investment Officer of the Chase Investors Management Corporation and prior to that head of equity investments at Bank of America. He has achieved an outstanding record as a money manager for corporate clients in the U.S.

How to Invest The Trust was launched on 8 November, 1983, at a unit offer price of 50p. The estimated gross annual income yield is 0.5% based on the current offer price (as at 27 January, 1984) of 51.3p. To invest now, simply return the coupon to us with your cheque, minimum £500 — and share in the future success of emerging U.S. companies. The price of units, and the income from them, can go down as well as up.

Why Emerging Companies? A significant redeployment of investment funds is taking place in the U.S. New social attitudes towards personal fulfillment and risk-taking encourage new enterprises and attract exceptional management to them. The combination of entrepreneurial flair, rapidly changing technology and helpful tax conditions creates an exceptionally favourable climate for small emerging companies.

Portfolio Composition Traditionally, small to medium sized investment opportunities are concentrated in high technology industries such as data processing, drug and medical, and communications. The strategy of the Trust is to emphasise a broad cross-section of industries to include such high technology sectors as well as consumer and financial industries, as long as the opportunities are consistent with the Trust's emerging growth orientation.

The portfolio will be actively managed and will be composed of about 20 stocks.

Specialist Investment Advice The nature of this new trust makes unique demands on investment experience, hard — if not impossible — to find in the U.K. We are therefore extremely pleased to have as advisers Bigler Investment

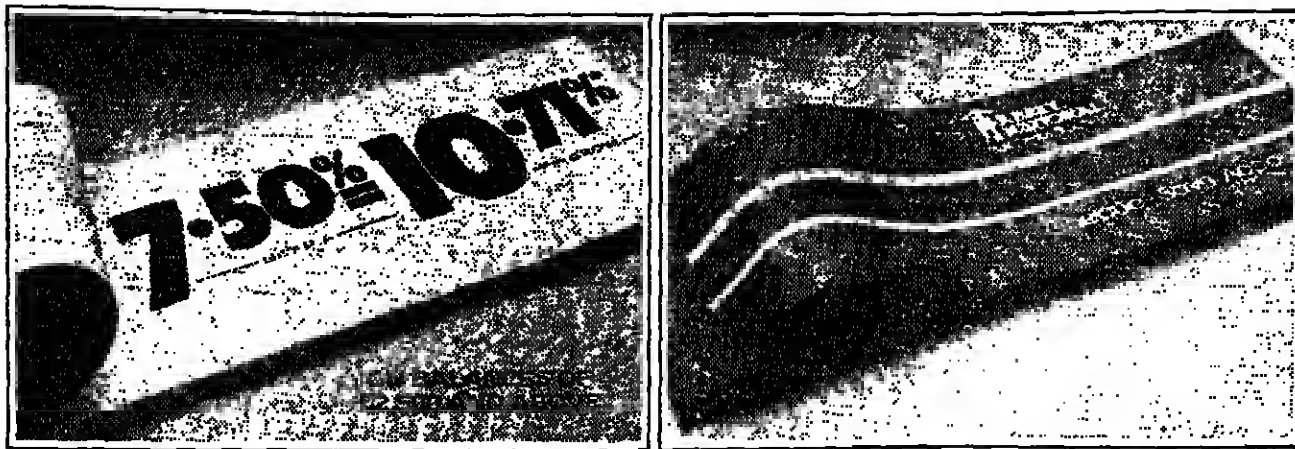
General Information You can buy or sell units on any business day. A Contract Note will be sent on receipt of your instructions, and a Unit Certificate issued within 7 weeks. Payment for re-purchased units are normally made within 15 days of receipt of your requisitioned Unit Certificate. Prices and yields appear daily in the FT. An initial charge of 5% is included in the offer price. An annual charge of 0.75% of the Trust's value per unit is deducted from the Trust's gross income. The Trust Decidendum maximum charge of 2% is applied to the units. Penalties are paid to all fund managers who are not required. Income is distributed annually on 30th November. Trusts are set up by Scotland London Trustee Company. The Trust Decidendum provisions are subject to the Trust's Terms and Conditions, which are available on request to the Managers to invest in Trusts. Orders subject to the limitations set out in the Trust Decidendum and Terms and Conditions. The Trust is a member of the Investment Ombudsman Scheme for residents of the Republic of Ireland.

Application Form To: Abbey Unit Trust Managers Limited, 1-3 St Paul's Churchyard, London EC4M 8AR (Reg. Office). Tel: 01-236 1833. I/we enclose a cheque for £ (minimum £500) payable to Abbey Unit Trust Managers Ltd, for investment in Abbey U.S. Emerging Companies Trust at the offer price ruling on receipt of this application. I/we wish the income to be automatically re-invested to purchase additional units (delete if not required). I am/We are over 18 years of age. Surname, Address, Postcode, Date, Signature. Joint Applicants should all sign and enclose details separately. FT 255-34 Abbey Unit Trust Managers Ltd, Registered in England No. 892641. A subsidiary of Abbey Life Group Ltd, A British Company of FTI. Member of the Unit Trust Association. Abbey Unit Trusts

DISTRICT COURT JUDGEMENT 592/82. DECLARATION OF BANKRUPTCY OF MAJOR ORIENTAL CARPET WHOLESALER IMMEDIATE PUBLIC AUCTION. EUROPEAN COURT RULING ON LIQUIDATION PROCEDURE RE VAST STOCK OF VALUABLE MERCHANDISE IN DISPUTE. HAND-KNOTTED WOOLLEN & SILK PERSIAN & ORIENTAL CARPETS & RUGS. Listed at: Silk Room, Kashan, Golestan, Yurdish, Lahore, Anatolian, Silk Heraks, Shiraz, Hamadan, etc. Notice is issued by the appointed Receiver of an irrevocable Court Decision that Disputed merchandise be apportioned for Liquidation without further encumbrance. SHORT NOTICE LIQUIDATION AUCTION transferred from security warehouse storage for auction at: HYDE PARK HOTEL, KNIGHTSBRIDGE, LONDON SW1 on SUNDAY 29th JANUARY at 11 a.m. The goods presently packed in boxes which will be opened at 9.30 a.m. and labelled piece by piece to be sold singly to the highest bidder. Bickensmith & Knowles Ltd, Auctioneers and Liquidators, The Arcade, Thurloe Place, London SW.7. Tel: 01-589 7971.



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YOUR SAVINGS AND INVESTMENT

Sharing the spoils with your boss

BRIAN GROOM reviews the emerging popularity of profit-sharing schemes



PROFIT-SHARING schemes are being introduced by a growing number of companies as a way of rewarding staff when business improves, without swelling their fixed wage and salary costs. The impetus provided by the Finance Act 1978, passed in the days of the Lib-Lab pact, shows little sign of abating.

This introduced approved deferred share trust schemes (ADSTs), which qualify for tax relief for both the employee and company. By the end of last year the Inland Revenue had approved 377 of them, with further submissions still being processed.

Under these schemes, the company allocates "profit" to a trust fund which acquires shares in the company on behalf of employees. Income tax may be payable when workers sell the shares but the rate of tax reduces over time, and if the share are held for more than seven years, the benefit is tax free.

Amersham International, Associated British Ports, Bass, Bassett, British Home Stores, H.P. Bulmer, Debenhams, Eritel, Fothergill and Harvey, General Accident, House of Fraser, Sketchley, W. H. Smith and Whitbread are among the companies which have opted for trust schemes, according to a report published this week by

Employees do not have to pay income tax on the value of the shares at the time they are bought on their behalf. Normally they cannot sell them for the first two years. Subsequently they can be sold (if the scheme rules permit), but income tax is payable unless they are held for more than seven years.

If the shares are sold between the second and seventh year, tax is paid on either the price at the time they are acquired or the selling price, whichever is lower. The amount taxable declines over the period. Dividends are taxed in the normal way, the final amount depending on the employee's total income.

When workers sell shares they may be liable to capital gains tax on the difference between sale proceeds and the original value of the shares; but this will not be payable unless net gains after inflation adjustment in any year exceed the exempt amount, which for 1983-84 is £5,300.

Shares issued under a trust scheme must be part of the ordinary share capital of the company which sets it up. They must have the same rights to dividends and bonus issues as other ordinary shares, but companies are allowed to make their own arrangements on voting rights.

The value of shares set aside for an employee in any one tax year under the approved scheme limit—currently £1,200, or 10 per cent of the employee's earnings, whichever is greater, up to a ceiling of £5,000.

Full-time employees who have been with the company for five years must be allowed to join the scheme, but in practice most qualifying periods are shorter. As the IDS study shows, schemes vary not just on eligibility but on a range of issues.

Companies decide the amounts of profit available for distribution in shares, either at the discretion of directors, or by set formulae. Many have a threshold below which no payment is made. Payments tend to be worth between 2 and 5 per cent of employees' pay.

Formulae for deciding amounts available range from simple percentages of profit to "added value ratios". Allocation to individuals is decided either by salary, or by length of service; or a combination of both; or payments of equal value are made to all employees.

IDS Study 306: 140 Gt Portland Street, London W1. For a detailed explanation of the regulations see "Approved Profit-Sharing Schemes 1983 (1981)" published by the Board of Inland Revenue.

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

as at close of business on Monday 23rd January 1984

| Total Net Assets (£ million) | INVESTMENT POLICY Trust (2)        | Management (3)         | Share Price (4) pence | Yield (5) % | Net Asset Value (6) pence | Geographical Spread (7-11) |                |           |           |           | Gearing Factor (12) base=100 | Total Return on NAV over 5 years to 30.12.83 (13) base=100 |
|------------------------------|------------------------------------|------------------------|-----------------------|-------------|---------------------------|----------------------------|----------------|-----------|-----------|-----------|------------------------------|------------------------------------------------------------|
|                              |                                    |                        |                       |             |                           | UK (%)                     | Nth. Amer. (%) | Japan (%) | Other (%) | Other (%) |                              |                                                            |
| 104                          | <b>CAPITAL &amp; INCOME GROWTH</b> | Aberdeen Fund Managers | 136                   | 4.8         | 177                       | 67                         | 29             | 3         | 1         | 102       | 234                          |                                                            |
| 358                          | Alliance Trust                     | Independently managed  | 324                   | 3.4         | 287                       | 27                         | 49             | 9         | 5         | 92        | 251                          |                                                            |
| 57                           | Anglo Scottish                     | C.S. Investments       | 136                   | 2.7         | 155                       | 46                         | 46             | 2         | 6         | 98        | 272                          |                                                            |
| 80                           | Bankers                            | Touche, Remnant        | 144                   | 4.1         | 196                       | 56                         | 30             | 10        | 4         | 109       | 278                          |                                                            |
| 182                          | Border & Southern                  | John Govett            | 132                   | 3.4         | 182                       | 43                         | 26             | 22        | 10        | 105       | 233                          |                                                            |
| 61                           | British American & Gen.            | Kleinwort Benson       | 89                    | 4.2         | 112                       | 44                         | 42             | 9         | 5         | 101       | 228                          |                                                            |
| 230                          | British Investment                 | Independently managed  | 252                   | 3.5         | 408                       | 45                         | 39             | 15        | 3         | 113       | 227                          |                                                            |
| 69                           | Brunner                            | F & C Management       | 66                    | 4.0         | 84                        | 24                         | 41             | 5         | 9         | 104       | 272                          |                                                            |
| 45                           | Cardinal                           | F & C Management       | 162                   | 3.2         | 193                       | 54                         | 23             | 7         | 16        | 104       | 259                          |                                                            |
| 72                           | Charter Trust & Agency             | Kleinwort Benson       | 66                    | 4.3         | 88                        | 51                         | 34             | 10        | 6         | 101       | 253                          |                                                            |
| 108                          | Continental & Industrial           | Schroder Waeg          | 453                   | 4.5         | 618                       | 54                         | 44             | 1         | 2         | 103       | 261                          |                                                            |
| 145                          | Drayton Trust                      | Montagu Inv. Man.      | 320                   | 4.5         | 468                       | 52                         | 30             | 15        | 3         | 113       | 247                          |                                                            |
| 465                          | Edinburgh Investment               | Independently managed  | 99                    | 3.6         | 123                       | 30                         | 37             | 9         | 8         | 104       | 207                          |                                                            |
| 100                          | First Scottish American            | Independently managed  | 212                   | 3.5         | 290                       | 42                         | 37             | 19        | 2         | 109       | 244                          |                                                            |
| 78                           | Fleming Universal                  | Robert Fleming         | 252                   | 3.8         | 339                       | 51                         | 31             | 10        | 8         | 106       | 227                          |                                                            |
| 487                          | Foreign & Colonial                 | F & C Management       | 110                   | 2.9         | 132                       | 39                         | 31             | 23        | 7         | 110       | 271                          |                                                            |
| 143                          | General Consolidated               | Philip Hill            | 198                   | 3.1         | 235                       | 67                         | 38             | 1         | 5         | 102       | 262                          |                                                            |
| 562                          | Globe                              | Electra House Group    | 215                   | 3.6         | 306                       | 66                         | 26             | 7         | 6         | 96        | 227                          |                                                            |
| 263                          | Philip Hill                        | Philip Hill            | 203                   | 3.3         | 299                       | 71                         | 26             | 1         | 3         | 97        | 258                          |                                                            |
| 7                            | Joe Holdings                       | Kleinwort Benson       | 99                    | 4.2         | 114                       | 67                         | 30             | 3         | 3         | 103       | 259                          |                                                            |
| 23                           | Lancashire & London (g)            | Rea Brothers           | 113                   | 3.6         | 153                       | 72                         | 28             | 9         | 9         | 73        | 237                          |                                                            |
| 27                           | London & Leam                      | Gartmore               | 101                   | 2.8         | 121                       | 34                         | 51             | 9         | 6         | 103       | 284                          |                                                            |
| 109                          | London & Westport                  | Gartmore               | 110                   | 2.7         | 131                       | 45                         | 48             | 4         | 3         | 113       | 275                          |                                                            |
| 30                           | London & Strathclyde               | Gartmore               | 146                   | 2.3         | 166                       | 46                         | 45             | 4         | 5         | 117       | 302                          |                                                            |
| 70                           | Meldrum                            | Gartmore               | 149                   | 3.6         | 177                       | 70                         | 30             | —         | —         | 100       | 339                          |                                                            |
| 36                           | Nineteen Twenty-Eight              | Philip Hill            | 162                   | 4.6         | 188                       | 49                         | 46             | 1         | 5         | 97        | 236                          |                                                            |
| 120                          | Northern American                  | Independently managed  | 235                   | 3.3         | 313                       | 40                         | 39             | 19        | 2         | 105       | 249                          |                                                            |
| 145                          | North British                      | Baring Brothers        | 205                   | 3.8         | 468                       | 56                         | 20             | 15        | 3         | 113       | 246                          |                                                            |
| 102                          | Raeburn                            | Leazard Brothers       | 260                   | 4.3         | 363                       | 62                         | 32             | 11        | 5         | 94        | 232                          |                                                            |
| 66                           | River & Merensiehl                 | Rivermoor              | 106                   | 5.7         | 138                       | 66                         | 18             | 11        | 6         | 97        | 271                          |                                                            |
| 36                           | River Plate & General              | Percy Turbutt          | 172                   | 5.0         | 226                       | 71                         | 16             | 1         | 12        | 107       | 247                          |                                                            |
| 24                           | Scottish & Mercantile (g)          | Rea Brothers           | 307                   | 3.6         | 437                       | 63                         | 37             | —         | 4         | 89        | 247                          |                                                            |
| 15                           | Scottish Cities (g)                | Rea Brothers           | 343                   | 5.6         | 513                       | 77                         | 19             | —         | 4         | 89        | 247                          |                                                            |
| 37                           | Scottish North Sea                 | Rea Brothers           | 303                   | 2.9         | 403                       | 33                         | 37             | —         | 5         | 105       | 294                          |                                                            |
| 172                          | Scottish National                  | Gartmore (Scotland)    | 180                   | 3.1         | 246                       | 49                         | 38             | 7         | 6         | 107       | 264                          |                                                            |
| 122                          | Scottish Northern                  | Pull & Williamson      | 112                   | 3.9         | 158                       | 61                         | 32             | 3         | 4         | 106       | 231                          |                                                            |
| 119                          | Second Alliance                    | Independently managed  | 444                   | 3.5         | 603                       | 37                         | 48             | 10        | 5         | 96        | 262                          |                                                            |
| 121                          | Securities Trust of Scotland       | Martin Currie          | 145                   | 4.5         | 134                       | 35                         | 32             | 12        | 1         | 106       | 276                          |                                                            |
| 78                           | TR Industrial & General            | Touche, Remnant        | 143                   | 3.3         | 174                       | 41                         | 42             | 28        | 9         | 104       | 248                          |                                                            |
| 307                          | Witan                              | Henderson              | 126                   | 2.7         | 176                       | 48                         | 28             | 16        | 8         | 106       | 253                          |                                                            |
| 34                           | Yeoman (g)                         | Independently managed  | 215                   | 4.8         | 271                       | 77                         | 14             | 5         | 4         | 97        | 283                          |                                                            |
| 9                            | United Kingdom                     | Hambros Bank           | 162                   | 5.4         | 210                       | 96                         | 1              | —         | 3         | 97        | 250                          |                                                            |
| 27                           | Fleming Claerhouse                 | Robert Fleming         | 196                   | 5.4         | 293                       | 100                        | —              | —         | —         | 95        | 261                          |                                                            |
| 16                           | New Court                          | N.M. Rothschild        | 228                   | 5.3         | 328                       | 100                        | —              | —         | —         | 95        | 261                          |                                                            |
| 67                           | Shires                             | Independently managed  | 198                   | 6.5         | 189                       | 98                         | —              | —         | —         | 95        | 170                          |                                                            |
| 84                           | TR City of London                  | Touche, Remnant        | 98                    | 6.5         | 98                        | 8                          | —              | —         | —         | 95        | 239                          |                                                            |
| 67                           | Temple Bar                         | Electra House Group    | 53                    | 6.5         | 116                       | 99                         | —              | —         | —         | 93        | 227                          |                                                            |
| 182                          | <b>CAPITAL GROWTH</b>              |                        |                       |             |                           |                            |                |           |           |           |                              |                                                            |
| 50                           | Anglo-American Securities          | Morgan Grenfell        | 244                   | 3.0         | 327                       | 39                         | 30             | 22        | 9         | 102       | 259                          |                                                            |
| 148                          | Ashtown                            | Schroder Waeg          | 106                   | 3.0         | 436                       | 43                         | 30             | 10        | 5         | 92        | 266                          |                                                            |
| 108                          | Atlantic Assets                    | Atlanta Fund Mgrs.     | 137                   | 1.1         | 152                       | 73                         | 29             | 7         | 7         | 140       | 207                          |                                                            |
| 37                           | Edinburgh Amer. Assets             | Ivory & Sims           | 93                    | 0.5         | 120                       | 34                         | 61             | —         | 5         | 86        | 378                          |                                                            |
| 50                           | Electric & General                 | Ivory & Sims           | 185                   | 0.7         | 227                       | 14                         | 76             | 6         | 4         | 100       | 306                          |                                                            |
| 30                           | General Financial (g)              | Henderson              | 232                   | 1.9         | 300                       | 45                         | 29             | 11        | 4         | 100       | 298                          |                                                            |
| 48                           | Greenfield                         | City Financial         | 463                   | 2.8         | 638                       | 37                         | 24             | 32        | 7         | 132       | 360                          |                                                            |
| 40                           | 'Investing in Success' (g)         | Henderson              | 415                   | 0.9         | 500                       | 45                         | 27             | 13        | 15        | 100       | 354                          |                                                            |
| 131                          | Merchants                          | City Financial         | 437                   | 1.7         | 583                       | 38                         | 20             | 41        | 1         | 111       | 282                          |                                                            |
| 5                            | Personal Assets (g)                | Kleinwort Benson       | 80                    | 4.3         | 110                       | 46                         | 39             | 9         | 6         | 99        | 262                          |                                                            |
| 218                          | Scottish American                  | Ivory & Sims           | 34                    | 0.0         | 33                        | 52                         | 38             | —         | 10        | 82        | 22                           |                                                            |
|                              | Scottish American                  | Martin Currie          | 135                   | 5.5         | 188                       | 45                         | 37             | 14        | 4         | 111       | 226                          |                                                            |
| 71                           | <b>International</b>               |                        |                       |             |                           |                            |                |           |           |           |                              |                                                            |
| 56                           | Bishopsgate                        | GT Management          | 296                   | 0.9         | 333                       | 41                         | 30             | 14        | 15        | 129       | 348                          |                                                            |
| 94                           | English & New York                 | Hambros Bank           | 153                   | 3.3         | 208                       | 52                         | 37             | 8         | 3         | 111       | 253                          |                                                            |
| 65                           | English & Scottish                 | Kleinwort Benson       | 181                   | 4.1         | 109                       | 31                         | 52             | 7         | 10        | 105       | 241                          |                                                            |
| 173                          | F & C European                     | Gartmore               | 126                   | 2.3         | 168                       | 42                         | 39             | 18        | 10        | 104       | 328                          |                                                            |
| 23                           | Group Investors                    | F & C Management       | 103                   | 3.1         | 118                       | 46                         | 10             | 1         | —         | 89        | 197                          |                                                            |
| 109                          | Hambros                            | Robert Fleming         | 224                   | 2.4         | 387                       | 18                         | 36             | 29        | 17        | 90        | 249                          |                                                            |
| 176                          | Investors Capital Trust            | C.S. Investments       | 292                   | 2.2         | 233                       | 42                         | 46             | 10        | 2         | 102       | 342                          |                                                            |
| 15                           | London & Gartmore                  | Hambros Bank           | 134                   | 3.6         | 178                       | 54                         | 37             | 4         | 5         | 111       | 262                          |                                                            |
| 8                            | Mid Wind International             | Independently managed  | 186                   | 2.7         | 250                       | 38                         | 42             | 18        | 5         | 87        | 245                          |                                                            |
| 148                          | Murray Glendale                    | Gartmore               | 263                   | 0.8         | 287                       | 22                         | 36             | 5         | 16        | 112       | 325                          |                                                            |
| 470                          | Murray Johnston                    | Baillie, Gifford       | 138                   | 1.9         | 145                       | 12                         | 35             | 31        | 22        | 100       | 280                          |                                                            |
| 67                           | Murray Northern                    | Baillie, Gifford       | 135                   | 2.5         | 174                       | 28                         | 36             | 33        | 6         | 100       | 280                          |                                                            |
| 189                          | Murray Western                     | Murray Johnstone       | 77                    | 2.6         | 105                       | 31                         | 46             | 13        | 5         | 100       | 339                          |                                                            |
| 63                           | North Atlantic Securities          | Murray Johnstone       | 248                   | 1.8         | 322                       | 35                         | 37             | 26        | 12        | 107       | 243                          |                                                            |
| 26                           | Northern Securities                | Murray Johnstone       | 150                   | 1.9         | 185                       | 17                         | 9              | 31        | 43        | 108       | 266                          |                                                            |
| 287                          | Scottish Investment Trust          | Murray Johnstone       | 97                    | 2.8         | 135                       | 27                         | 49             | 18        | 6         | 94        | 243                          |                                                            |
| 82                           | Trans-Oceanic                      | Morgan Grenfell        | 273                   | 1.6         | 324                       | —                          | 39             | 32        | 9         | 98        | 273                          |                                                            |
| 172                          | U.S. Debenture Corp.               | GT Management          | 422                   | 1.7         | 523                       | 51                         | 25             | 12        | 12        | 125       | 307                          |                                                            |
| 118                          | North America                      | Leazard Brothers       | 212                   | 3.0         | 257                       | 28                         | 36             | 24        | 12        | 102       | 254                          |                                                            |
| 108                          | Fleming American                   | Independently managed  | 224                   | 3.0         | 310                       | 31                         | 40             | 19        | 10        | 101       | 244                          |                                                            |
| 129                          | Stockholders                       | City Financial         | 145                   | 2.9         | 198                       | 40                         | 49             | 7         | 7         | 104       | 250                          |                                                            |
| 72                           | TR North America                   | Baring Brothers        | 161                   | 2.8         | 244                       | 35                         | 41             | 17        | 7         | 90        | 289                          |                                                            |
| 22                           | Far East                           | GT Management          | 178                   | 5.2         | 227                       | 50                         | 33             | 13        | 5         | 114       | 218                          |                                                            |
| 165                          | Drayton Far Eastern                | Edinburgh Fund Mgrs.   | 400                   | 3.4         | 138                       | 26                         | 74             | —         | —         | 100       | 248                          |                                                            |
| 144                          | Lake View                          | Robert Fleming         | 102                   | 1.5         | 512                       | 3                          | 95             | —         | 2         | 97        | 235                          |                                                            |
| 3                            | New Australia                      | John Govett            | 221                   | 2.5         | 289                       | 19                         | 76             | 1         | 4         | 101       | 322                          |                                                            |
| 36                           | TR Australia                       | Touche, Remnant        | 163                   | 2.8         | 201                       | 7                          | 93             | —         | —         | 110       | 285                          |                                                            |
| 100                          | Japan                              | Montagu Inv. Man.      | 118                   | 1.0         | 130                       | 6                          | —              | 66        | 28        | 99        | 263                          |                                                            |
| 50                           | Baillie Gifford Japan              | Robert Fleming         | 291                   | 0.7         | 317                       | 3                          | —              | 78        | 24        | 102       | 294                          |                                                            |
| 140                          | Drayton Japan                      | John Govett            | 282                   | 2.3         | 311                       | 24                         | —              | 46        | 26        | 105       | 247                          |                                                            |
| 43                           | Fleming Japanese                   | Edinburgh Fund Mgrs.   | 106                   | 3.0         | 116                       | —                          | —              | —         | 100       | 109       | 199                          |                                                            |
| 88                           | GT Japan                           | Touche, Remnant        | 104                   | 2.5         | 117                       | 12                         | —              | —         | 65        | 104       | 253                          |                                                            |
| 3                            |                                    |                        |                       |             |                           |                            |                |           |           |           |                              |                                                            |



## Oil drilling in a tax shelter

CLIVE WOLMAN explains how you and the taxman share the risks and rewards of on-shore exploration.

IF YOU'RE in a high tax bracket today, but are likely to be handing over less to the Inland Revenue in future, because perhaps you're retiring or going to work abroad, you should consider drilling for on-shore oil in the U.S.

Greenwood Oil, the UK subsidiary of the Colorado oil and gas exploration company Greenwood Resources, received clearance from the Inland Revenue earlier this month for a scheme through which private investors are placed in limited partnerships.

You and your partners take small stakes in a diversified spread of exploratory wells and sites aimed at exploiting parts of a field which has already been discovered. The drilling locations are chosen by Greenwood Resources which specialises in exploration in Texas and the area to the east of the Rocky Mountains. Greenwood will also manage and supervise all the drilling for the partnerships.

Since it was set up in 1977, Greenwood has organised 15

limited partnerships in the U.S. which have drilled 265 wells. As it steers clear of wild-cat drillings, it has struck oil or gas in commercially viable amounts in as much as 63 per cent of its drillings.

The limited partners have achieved average returns of 200 per cent on low risk development drilling, claims Greenwood. A run of bad luck or poor geological research may still mean that a partnership's money will run out with little or nothing to show from it. But only rarely will Greenwood arrange for a partnership to borrow money using reserves as collateral. Thus investors are unlikely to face the difficulties of the limited partnerships associated with Petro-Lewis, the troubled U.S. company which has set up a record number of such partnerships for oil exploration. The management charges are steep and varied. They com-

highest tax bracket will find nearly 75 per cent of his bill picked up by the taxman, as with the Business Expansion Scheme. There are however no limits on the amount of tax relief available — and Greenwood insists on a minimum subscription of £10,000.

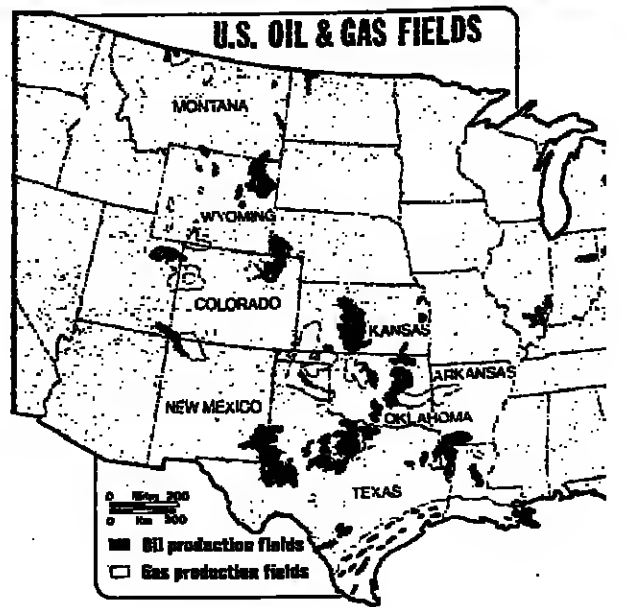
Greenwood expects all the funds it raises to be invested by March, 1985. In the first two years of a partnership's existence, any returns from the sale of gas or oil are likely to be small. Thereafter, however, with luck, the income should start to flow. The taxman, having borne part of the costs and the risks of the investment will now share in the profits, at your top marginal rate. But if you've been able to time your investment well, this rate will be lower than the tax rate at which you previously claimed relief.

The tax benefits would be even greater if you could sell out your interest for a capital sum. But no developed market in such partnerships exists.

Foreign investors have traditionally had an important stake in the bond market, not least as a way of placing funds in Swiss francs. With the exception of registered shares, introduced originally to ward off foreign interests in World War II and, later, Opec shareholdings in the mid-70s, foreigners now have the same rights to buy Swiss stock as nationals.

Buying stock in Zurich is cheaper than in most other centres, with a brokerage fee of 0.25 per cent on transactions of over SwFr 150, plus taxes and bourse contributions of 0.09 per cent. In Switzerland, a 35 per cent withholding tax is deducted at source from all Swiss capital income, but a treaty with the UK allows total relief from this tax on interest income and a direct refund of 20 of the 35 per cent on dividends.

In the case of investment via



Participation in a partnership rather than, say, buying shares in an oil exploration company is necessary to benefit from this method of taxation. But at least a limited partnership ensures that you won't go bankrupt if, for example, your well suffers a blow-out, wreaking death destruction on the surrounding neighbourhood.

About 20 per cent of oil gas exploration in America is financed by individuals who take direct stakes in drillings.

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### WORLD STOCK MARKETS

## The attractions of joining the protected Swiss

SWITZERLAND HAS long been one of the world's most highly industrialised countries, as well as a leading financial centre. It is hardly surprising that Zurich — with a 1983 turnover of over SwFr 269bn — is also at the top of the list of continental stock exchanges.

At the end of November, 183 Swiss and 167 foreign shares were listed there, together with 1,405 domestic and 682 foreign bonds.

The recent boom has meant that non-resident investors have been buying more Swiss shares. Early this month the Swiss Bank Corporation Share Index reached 403.8 units — the first time since 1972 that it had broken the 400 mark.

It was thus up by 25 per cent on last year's mid-January low as compared with inflation of under 2 per cent.

A breakdown of listed Swiss companies reflects the make-up of Switzerland's diversified economy. At the end of last

September, the biggest market value was that of Union Bank of Switzerland, capitalising at over SwFr 10bn, followed by the international food group Nestle, with some SwFr 9bn, two more big banks — Credit Suisse and Swiss Bank Corporation — and the chemical companies Hoffmann-La Roche and Ciba-Geigy.

Most companies prefer to keep dividends as stable as possible, working to a conservative reserve policy — though this aim for stability also means that a dividend will sometimes be paid which has not been fully earned. Generally, dividends of Swiss companies average out at rather less than 5 per cent of capital resources. This cautious approach means that share-

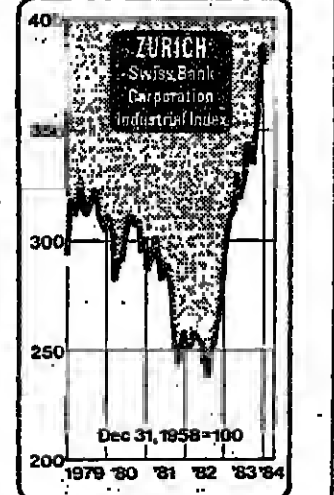
holders frequently receive only about one-third — sometimes only one-third — of profits. Rights issues at knockdown prices are a regular feature of companies' capital formation, levels to just over SwFr 1bn.

The yield on Swiss shares is in itself not particularly attractive. On January 25 the overall figure was of 2.45 per cent, with individual yields ranging from 1.35 per cent in the metals industry to 3.19 per cent on bank stocks.

Swiss companies, once notorious for their poor disclosure practices, have come a long way in the past few years. Today, all but a few listed firms provide reasonably full details of their financial results and indicate future trends.

Among the major sectors represented on the market, the banks, insurers and chemical companies have had a good 1983. The investment managers of Bank Julius Baer emphasise the attractions of the banking and service sectors, and also selected machinery shares.

Switzerland is also the home of a major bond market. In the first 11 months of last year, a net sum of SwFr 8.19bn was



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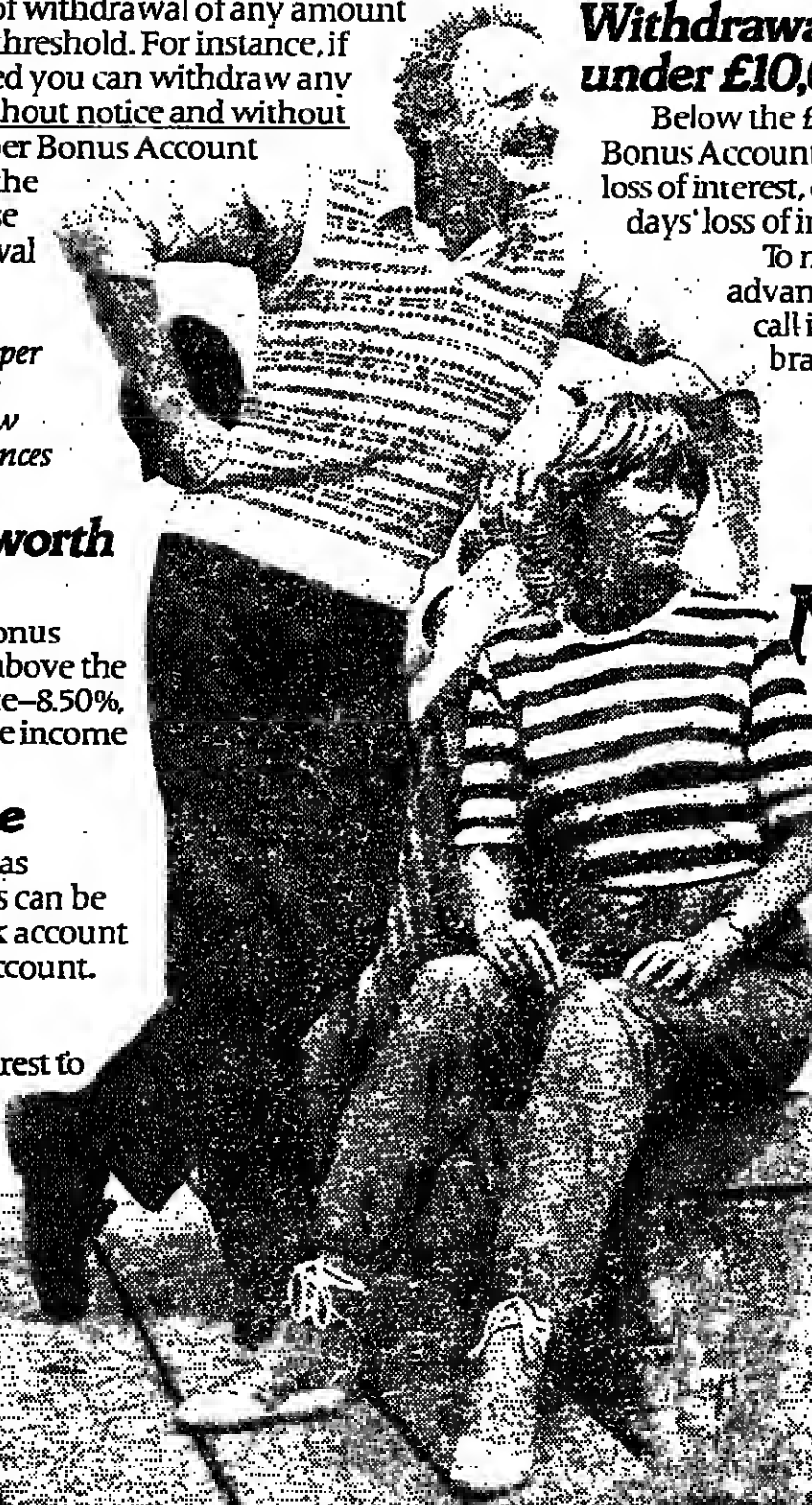
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# Out of step

BY RICHARD LAMBERT

She v Adams  
Stanley Adams. Jonathan  
a. 55.95. 236 pages

oche versus Adams is the y of a personal nightmare. 973. Stanley Adams, a rising cutive in the Hoffman-La he pharmaceutical group, rmed the EEC Commission Brussels as his Swiss-based loyer was using his pricing ole to dominate the world ket for bulk vitamins. This ounter to the EEC rules competition, to which Roche ound by a Free Trade ement ratified in 1972, or a while, nothing hap ed. Adams—born a British en in Malta—left Roche in apparently amicable fashion. I moved to Italy to set up own business. Then in 1974, the EEC's anti- directorate raided Roche's ces in Paris and Brussels. Adams's world came crash-down.

in a visit to Switzerland he s arrested and charged with iving economic secrets to a eign power. Shortly after rds, his wife committed sui ide. Released from prison after e months he attempted to ild his life in Italy, but id that the sources of ance which had seemed free- ible before his imprison- had suddenly dried up. Roche was fined by the Euro- an Court of Justice for its



Stanley Adams: a personal nightmare

price-fixing deals, but despite active support from the Euro- pean Parliament the Commis- sion refused to offer Adams anything but token compensa- tion for his suffering. At the end of 1979 his mounting finan- cial problems led to him being imprisoned in Italy for two months on a charge of fraud, and in 1981 he fled to England where — at the time of writing this book — he was living with his three daughters entirely on supplementary benefit.

"I was," Adams writes, "like a rat in a maze. Which- ever alleyway I chose to run down, I was sure the door would shut at the end, leav- ing me trapped once more."

Yet although the book cries out for a sympathetic response, it leaves several questions un- answered. The most glaring concerns Adams's decision to disclose Roche's secrets in the first place, an event which is covered almost casually in just a few pages. Until that moment, he had been actively advancing Roche's interests around the world—including assignments in developing countries. He had personally negotiated a number of so-called "loyalty contracts" without reporting any misgiv- ings to his superiors. The ex- planation for his change of heart is not clear.

Not unnaturally, Adams sees "the events that followed his dis- closure in terms of a conspiracy. And he goes on to draw a series of conclusions about the be- haviour of multinationals in general and drug companies in particular, and also about the character of the European Com- munity.

But what are the general con- clusions to be drawn from this story? Perhaps there are only two. One is that Roche is a powerful and in some respects ruthless company, which operates in a country where business secrecy has tradition- ally been seen as a legitimate interest of the state. The other is that the European Com- mission is a large and complicated bureaucracy, which like others of its type can be insensitive and even indifferent to the troubles of individual citizens. As Adams himself admits in

# Colourless green ideas sleep...

Competition Report by Anthony Curtis, Literary Editor

For the Literary Competition set on Christmas Eve you were asked to compose not more than 100 words of prose, or 14 lines of verse, in which a sentence described as grammatically acceptable but without meaning. In the event, become mean- ingful. The sentence, devised by Noam Chomsky, was: Colourless green ideas sleep furiously.

This sentence fails, not because it violates any rules of syntax, but because the words selected deviate from the rules of selection obeyed by com- petent speakers of the language. As a contrast, Chomsky offers a well-formed sentence of the same syntactical shape. *Revolu- tionary new ideas appear in the quantity where the meaning is immediately apparent because the words selected do not deviate from these rules. With words that form our competi- tion's kind of "deviant" sen- tence, "it is necessary," Chomsky says, "to impose an inter- pretation on them somehow— this being a task that varies in difficulty or challenge from case to case..."* Competitors rose to this challenge good-humoured- ly and in force. The love was extremely high and I only wish I could give everyone a prize.

Such "deviant" strings of words are the stuff out of which imaginative writing is made, particularly in the modern period (Joyce, Eliot, Beckett). Dylan Thomas was addicted to them, for one. His poem, "The force that through the green fuso drives the flower/Drives purple rain from the petals/Blasts the roots of trees/Is my destroyer"—is not perhaps quite so deviant as our sentence but seems to be expressing a similar notion.

At any rate, it was the thought of germination and flowering that produced the largest group of entries. The difficulty was to plant the words in context without strain or forcing. Mrs C. M. Street's con- tribution was a good example of how naturally this could be done:

*It can only be the thought of verdure to come, which prompts us in the autumn to buy these dormant white lumps of green matter covered by brown paper slits, and lovingly to plant them and care for them. It is a marvel to me that under this cover they are labouring unseen of such a rate within to give us the sudden awesome beauty of spring flowering bulbs.*

While winter reigns the earth reposes but these colourless green ideas sleep furiously. Brian O. Wright offered from Tokyo a verse treatment of the same line of thought:

*Behold the pent-up power of the winter tree; Leafless it stands, in lifeless slumber. Yet its very resting is revival and renewal. Inside the dark marbled world of trunk and roots, Cradled in the chemistry of cell and sap.*

Colourless green ideas sleep furiously  
In deep and dedicated door- mantly.  
Concentrating, conserving, con- structing;  
Knowing, by some ancient quantum law  
Of chlorophyll and sun  
That come the sudden surge of spring,  
Dreams become reality, and ideas action.

Sue Papworth packed a sim- lar thought into eight spare eloquent lines; and John Rosselli brooded upon a metaphysical dreamscape where "night vision warrants us to call/Colourless green." Incidentally, dreams and psychiatrists' couches figured prominently in many entries, as did, less expectedly, staff common-rooms. Thomas Walsh wrote one of very few straight love poems.

Mr Wright was by no means the only competitor to see a link between colourless green ideas and action: Barbara J. Wells contributed a timely poem entitled "Terrorist Bomber 1984" part of which went:

*This lad would save the world but raze a city;  
Lay waste all lands to buy perpetual peace.  
Over muffled wine and hash he dreams a plan  
To distribute the whole world's daily bread...  
And as the wine and marijuana mingle  
Colourless green ideas sleep furiously.*

Just as passionately felt from Johannesburg was Peter Green- halgh's entry, which ended:

*But what if science (saving an immortal)  
Could make us all the same,  
A neutral colour, say,  
Like green, is there perhaps a chance our grapes  
Might leech our children's teeth without an edge— unless  
These colourless green ideas sleep furiously too long?  
Meanwhile, Roy Kelly in his "Orwell That Eats Well" came even nearer home:*

*White lies bleach Greenham's common Greenpeace fuss  
and enforce reason's sleep.  
Beware my masters,  
colourless green ideas sleep furiously.*

On the theme of historical revolution, one of the most erudite tries came from the London School of Economics in the form of a "recently discovered sonnet by Alexander Blok, trans- lated by Edward Black":

*Let us think on them, the Twelve Makers  
Of myths, trailblazing,  
quakers  
Scourging earthshakers  
Colourless green ideas sleep furiously  
Before their chrysalides open curiously  
Anarchy burgeons spurious  
Order raises new seedlings in the world  
By word and gun upheld  
The scarlet banner is unfurled.*



Noam Chomsky: beyond syntax

The damage can be quite extensive; chemical treat- ment most expensive. Members should expect such autonomy—imposed by you —IT'S FALSE ECONOMY!

Vivienne Goldblatt invoked Alice in Wonderland and Miriel Lamb Sherlock Holmes. Marcy Kaban came up with an exquisite Saki parody begin- ning: "Cloris returned from prep school with a green snake coiled around his arm... but it was married by making the punch-line singular (Ideas it was, not ideal). L. E. Rowe's thriller-style "Syntax Haven" was a lovely cheat:

*I had found the book just as the batteries in my torch were fading. My thoughts ran wild. At the start there had been seven of us. Was that only a month ago? The stakes were getting higher.*

The feeble glimmer hardly warranted shielding but I dare not risk discovery. I read the sentence again. "Colourless green ideas sleep furiously." Only this time he had not used the code.

I'd have to move fast and make it look like an accident. Then I'd be the only one left. A pity—I'd quite liked Chomsky.

But enough of quoting; it is time to nominate the winner: a difficult task among so much pure gold. (Should I say, overask?) The winner is D. A. H. Byatt of Hayward's Heath, who receives £50 for the Miltonic poem below. Every- one else either quoted or men- tioned in this report will re- ceive a copy of *The Oxford Miscellany of Quotations* where I first found the famous non-sentence. Please allow a few weeks for delivery.

*Thus Adam's Eden plot in far-off time,  
Colour-rimmed flowers, trees  
a myriad green;  
Helped by God-bless'd wind  
and temperate climate  
The path in primate knowledge  
unforeseen.  
He sleeps in peace at eve with Eve.  
One apple later, he looks  
curiously  
At the gardens of dichromates,  
in whom  
Colourless green ideas sleep  
furiously  
Then rage for birth each  
morning, until dawn  
Brings rainbows they at last  
perceive.*

D. A. H. Byatt

# Obeying her voices

BY MALCOLM RUTHERFORD

Margaret Thatcher: Personal and Political Biography  
Russell Lewis Routledge & Kegan Paul, £11.95, 230 pages

There is a view on the righting of the Tory Party that Mrs Thatcher is really a "very ordinary woman". It has been recently expressed both by Sir John Johnson and Mr Percival Forthorn. The facts belie it: how many women—how many sole—have won one election after another? The language lacks of bourgeois snobbery.

Yet it is also striking that the best books about Mrs Thatcher are the least intellectu- ally pretentious. Patricia Murray, the wife of a disci- plined, wrote a very good one simply by going along and listening to the people who

knew the future Prime Minister in her earlier days. Mrs Thatcher said of her time at school:

"I really would have liked to have been an actress, but don't forget to me it represented a sort of glamorous life which was almost unknown."

Brian Walden, the television interviewer, is recorded in the same book as saying: "There is no-one in politics I would sooner trust than Margaret... She's the only Tory leader I've known who has grasped the fact that the Party image has changed and that today it's a people's party."

Carol Thatcher, the Prime Minister's daughter, also wrote a useful book about her mother's approach to the 1983 general election campaign. Its simple virtue lies in telling the story of it as it probably was:

for example, four cupboard doors for clothes, cupboard three being labelled "best telly clothes."

Russell Lewis, a journalist who has worked for the Conservative Party, ought to be capable of providing more per- spective to one way he does. The sections on Mrs Thatcher when she first entered Parliam- ent in 1959, on her period as Secretary for State for Educa- tion and on early 1975, when she was going for the Party leadership, remind us of her quite remarkable determination and luck.

She was lucky in coming second in the ballot for private members' bills in 1959. She was stunning in dealing with Denis Healey and Harold Lever on finance matters in 1974. More people than should have realised her potential. Edward Heath did not.

# CHES

LEONARD BARDEN

AT THE final London press conference following his defeat by Kasparov in the Acorn Computer world semi-finals, Viktor Korchnoi looked worn, dejected, old beyond his 52 years, and psychologically battered by the shock of defeat. But Korchnoi, orphaned and near-starved as a

child in the wartime siege of Leningrad, has many times demonstrated his resilience and fast recovery rate from poor results. This month he has been in action at the traditional Hoogovens international at Wijk aan Zee, Holland, and you would never guess that the Kasparov match had happened.

Korchnoi took the lead from the start, first in company with Tony Miles then with the Soviet GM Belyavsky.

At the last FIDE congress in Manila, Eng- land's delegate Ray Keene pro- posed "an end to all boycotts,

# BRIDGE

E. P. C. COTTER

IN BRIDGE, as in other walks of life, speed of decision and action is constantly demanded, but there are occasions when patience is vital to achieve the best result. There is found for thought in this hand:

N  
S  
W  
E

♠ A 6 3  
♥ A 7  
♦ Q 9  
♣ K 8 5 4 2

W  
E  
S  
N

♠ Q 5 4  
♥ 10 8 5 2  
♦ 10 8 5 2  
♣ Q 10 3

♠ Q J 8 3  
♥ K  
♦ A 8 6 4 2  
♣ 8 5

♠ 10 7 3  
♥ 9 7 6 4 2  
♦ 3  
♣ A Q 7 3

particularly that of Korchnoi which was carried by acclaim without USSR opposition. The Russians are now fulfilling their pledge to play in tourna- ments against their celebrated defector as part of the world title settlement.

However, news of the Korchnoi detente doesn't seem to have reached Moscow editors. Every year the journal *Sporty* reports gives its readers daily reports from Wijk when- ever USSR grandmasters are in action there. The stories are usually doctored to exclude the name of ex-Russian GM Sposonko who now plays for Holland, but otherwise the event is covered normally. This year, notably, *Sporty* Sport has so far been silent despite Belyavsky's good performance. The omission supports the view of a rift in the Moscow sports establishment following the abortive campaign to defeat FIDE officials over the world semi and consequent heavy hard currency reparations. One unconfirmed report is that deputy sports minister Ivanov, a central figure in the FIDE negotiations, has since been sacked.

Tony Miles's performance at Wijk makes it look as if the British number one may have a struggle to maintain his new super-GM rating of 2610 in the world top 20 elite. Miles dropped rating points with his debacle at the Accountancy Age Masters in London, where he withdrew at half-way, while at Wijk he faded from a promising start and lost to both leaders Belyavsky and Korchnoi.

An early Miles win provided a rare game feature: has your opponent ever resigned when you castled? Evidently White made an oversight in calculation, and the outcome is the quickest decisive game of the Hoogovens tournament.

White: G. Ligerink (Netherlands).  
Black: A. J. Miles (England).  
Nimzovitch Defence (Wijk aan Zee 1984).

1 P-K4, N-QB3.

Tim Harding analyses this rare defence in an excellent *Ratford* monograph. Miles read the book and paid it the supreme compliment of incorporating 1...N-QB3 in his repertoire. His declared policy is to use it in an early tourna- ment round so that later opponents will waste time in their pre-game homework. Despite this flippant ideology, "Nimzo's other defence" is a resilient counter-attack against the many opponents who try to refute it by direct play.

2 N-KB3, P-Q3; 3 P-Q4, N-B3; 4 N-B3, B-N3; 5 B-QN3, P-QR3; 6 BxN, PxR3; 7 P-KR3, B-R4; 8 Q-K3, P-K2; 9 P-KN4, B-N3;

POSITION No. 500

BLACK (3 men)

WHITE (4 men)

Dechkanov v Yuzunov, USSR 1987. White (to play) was an unknown, Black a former junior world champion and a leading grandmaster. The GM is al- ready rook for knight ahead and if White tries to avoid a queen swap then Q-KES ch forces mate.

So White, duly impressed, stopped the clocks and resigned. What did he overlook?

PROBLEM No. 500

BLACK (2 men)

WHITE (3 men)

White mates in three moves, against any defence (by A. W. Galitzky). One of those de- ceptive problems which sorts out the solvers—easy once you find the idea, a baffler if you don't.

Solutions Page 18

# Cracking the codes

BY PETER HILTON

Alan Turing: The Enigma  
By Andrew Hodges. Burnett Books (Hutchinson). £18.00. 604 pages

It is a rare experience to meet an authentic genius. Those of us privileged to inhabit the world of scholarship are familiar with the intellectual stimulation furnished by talented colleagues. We can admire the ideas they share with us and are usually able to understand their sources; we may even often believe that we could ourselves have created such concepts and originated such thoughts. However, the experience of sharing the intellectual life of a genius is entirely different: one realises oneself in the presence of an intelligence, of a sensitivity, of a depth and originality that one is filled with wonder and excitement.

Alan Turing was such a genius, and those like the reviewer, who had the astonishing and unexpected opportunity created by the strange exigencies of the Second World War, to be able to count Turing as colleague and friend, will never forget that experience, nor can we ever lose its immense benefit to us. Andrew Hodges, in this fine biography *Alan Turing: The Enigma*, brings Turing the thinker and Turing the man alive for the reader and thus allows us all to share in the privilege of knowing him.

Turing was a mathematician, a logician, a scientist, a philosopher—in short, a thinker. Inevitably it is not possible to convey to the general reader the full, rich flavour of his thought in all these varied domains, but the skilled expositor can with care explain the nature of the ideas without stooping to vulgaris- mous—this Hodges has most admirably done. Nevertheless, it is plain that the phase of Turing's creative life which will most appeal to the layman's curiosity must be that in which he was making a unique and absolutely fundamental contri-

invented a concept which has come to be known as a Turing machine. His purpose was to make precise the notion of a computable mathematical function, but he had, in fact, provided a blueprint for the most basic principles of computer design and for the foundations of computer science.

Unfortunately, the story of Turing's life is more of the stuff of tragedy than of triumph. Turing was a homosexual. He was characteristically, wholly honest about this and was quite unashamed, though never ostentatious. But, after the war, the law against the expression of male homosexual love was upheld with rigorous fervour, and in January 1952 Turing, then a Reader at Manchester University and a Fellow of the Royal Society, was arrested and charged with committing an act of gross indecency with his friend, Arnold Murray. Of course, he didn't deny the charge, but he did not agree he had done anything wrong. He was bound over on condition that he submit to hormonal treatment. This was designed to diminish his libido; the only obvious effect was that he developed breasts. Turing was on probation since April 1953; and, as a byproduct of his plea of guilty, he was no longer permitted to work as a consultant to GCHQ, Cheltenham, nor to visit the United States. It is a tragic irony that our security services should have been mobilised to expunge Turing, whose contribution to the work of GCHQ was of such in- estimable value, but should have failed so conspicuously to detect the activities of the mole Geoffrey Prime. Dr I. J. Good, a wartime colleague and friend, has so aptly remarked that it is fortunate that the authorities did not know during the war that Turing was a homosexual; otherwise, we might have lost the war.

On June 7, White Monday, 1954, just short of his 42nd birthday, Turing committed suicide by swallowing cyanide. He left no note and it is



Alan Turing: computer pioneer

generally supposed that, in the words of his friend and execu- tor, Nick Ferguson, "he planned for the possibility, but in the end acted impulsively." Hodges has told the whole story of Turing's life and death with honesty and candour and a fine sense of balance. We are in his debt for bringing us closer to a marvellous person and for chastening our intolerant society.

Peter Hilton is Distinguished Professor of Mathematics at the State University of New York at Binghamton.

# Crimes

BY BRIAN AGER

Heroes No More  
by John Wainwright Macmillan, 55.95, 192 pages

Murder Post-Dated  
by Ellis Peters. Macmillan, 55.50, 182 pages

The three survivors from a World War II Lancaster bomber ditching in Lancashire's best hotel for their 40th annual reunion.

This motley remnant of a crew are joined by their wives and the book starts in a largely relaxed way, it might almost be tourist publicity for Lytham St Anne's.

But tension builds as doubts arise about how one of the men earns his living and this leads to a death-dealing climax.

Another masterly book from the Wainwright pen.

The Devil's Notice is the eighth chronicle of Brother Cadfael—but Ellis Peters' latest detective tale retains the freshness of the first. Cadfael, a world-wide Benedictine monk in 12th-century Shrewsbury, puts his alert brain to work on investigating a violent crime.

هنا اصل النص



All in running order

AS MORE and more of the population takes up some form of exercise...

In fact so much has this market expanded over the past few years that in February it will be having its very own exhibition...

It is hoped that the new exhibition will take place twice a year from now on...

Many of the companies involved in the show have already reported spectacular increases in sales...

While much of the companies' clothing is directed at specific sports there is also a growing fashion for leisurewear...



Typical of the sort of easy, warm and colourful leisurewear that is becoming increasingly popular for ordinary, everyday activities...



Sporting chic

HOLLAND & HOLLAND of 33 Bruton Street, London W1 is one of those old-fashioned, traditional shops...

Anyone looking for sturdy shoes for walking will find that Holland & Holland has an exclusive range of desert boots...



right is another very sturdy walking shoe from the famous Timberland range...



Polishing up the image

FOR most of us the image conjured up when we think of stainless steel is far removed from anything as rich as lustrous as the pieces photographed below...

The Japanese company, Yamazaki, felt that there was much more that could be done with the material if only they could put the right designers onto it...

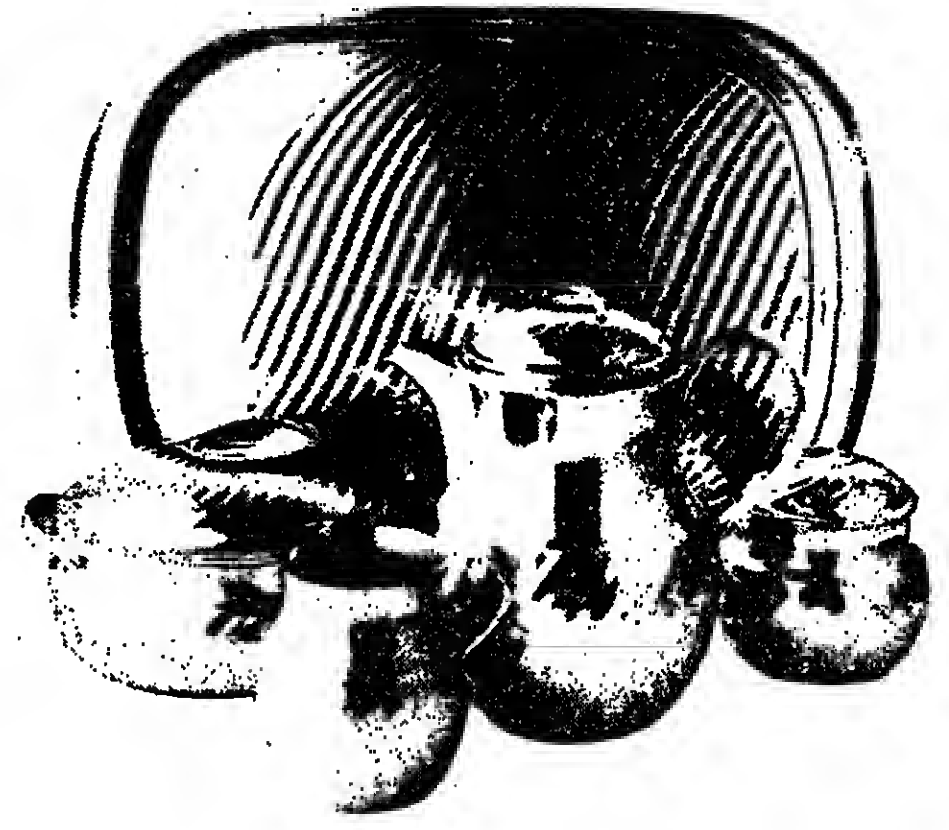
The company wanted the collection of vessels to be highly polished, looking rather like silver so that they could take the place of traditional silver and silver-plate on the dinner table...

company believed the main market for this sort of ware lay with people aged between 20 and 40.

Robert Welch's designs won the day and he set about producing detailed drawings of a range of stainless vessels that fulfilled these criteria admirably...

There are some 13 pieces in the complete collection—a coffee pot, a tea pot, a creamer, a sugar bowl, a jug, an ice bowl, a vegetable dish, small bowl, salad bowl and four trays...

The whole collection is being imported by Courter of Endeavour Way, Durnsford Road, London SW19 to whom readers should direct enquiries...



Drawings by Anne Morrow

STUDYING the seed catalogues

I have often observed my neighbour's broad beans, pushing up through the earth before I have even cleared my own vegetable plot...

Now that the shops are full of the most wonderful varieties of fruit and vegetables I am beginning to wonder about growing my own at all...

Holland supplies a large number of the vegetables which were once rarely seen here and are now readily available...

How many of them do you actually use? Of course, a number of the vegetables are, by now, quite familiar to us...

Happily I am no longer perplexed by these matters because I have come across a slim volume called 'Cooking With Unusual Foods'...

Remove the stalks and seeds from the peppers and coarsely chop them. Skin and roughly chop the onion...

Use the sauce as you would chutney or tomato ketchup, only much more sparingly...

Green pepper soup is now to me and it needs a really good chicken stock to become quite special.

4 large green peppers; 1 large onion; 1 clove of garlic; 1 1/2 tablespoons olive oil; 1 pint...

COOKERY

Vegetables with a difference



By JULIE HAMILTON

good strong chicken stock; salt, pepper and a little sugar; 4 tablespoons single cream; chopped parsley...

Slice the seeded peppers into strips. Skin and roughly chop the onion and garlic. Heat the oil in a large pan...

Remove the stalks and seeds from the peppers and coarsely chop them. Skin and roughly chop the onion...

Use the sauce as you would chutney or tomato ketchup, only much more sparingly...

Green pepper soup is now to me and it needs a really good chicken stock to become quite special.

4 large green peppers; 1 large onion; 1 clove of garlic; 1 1/2 tablespoons olive oil; 1 pint...

Blauch and then peel the artichokes, cut them roughly in half...

Using any short cut pasta, this makes an unusual supper dish.

1 lb okra; 1 lb pasta such as penne; 2 tablespoons tomato purée; 4 cloves of garlic...

Parboil the okra and refresh under cold water. Heat the oil and fry the mustard seed and garlic until the garlic is well coloured...

Trim and quarter the fennel. Heat the oil and add the coriander seeds. A few seconds later add the bay leaf, parsley, celery, cloves and peppercorns...

This vegetable is a brassica and its nearest relative is the turnip. It is delicious raw when really young...

Another way to serve kohlrabi is stuffed. To do this, peel and parboil first, then scoop out the middles...

Remove the fennel to a serving dish and reduce the liquid by at least a half before straining it over the fennel and chilling.

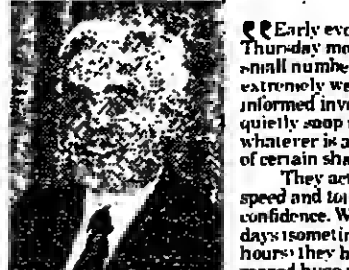
The same recipe and method work very well with Jerusalem artichokes which are one of my favourite vegetables...

1 1/2 lbs chuck steak; 1 lb Jerusalem artichokes; 6 tablespoons red wine; generous sprinkling of allspice, cinnamon, black pepper, salt, sugar; 1/2 teaspoon cumin seed; 4 cloves garlic; 1 tablespoon oil.

Cube the meat into fairly large chunks and put it in a bowl. Sprinkle with all the seasoning and spices except the coriander and cumin...

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# THE AGE

## Cook's justice

Roger Cook is back at his post on Radio 4, investigating real criminal offences for the amusement of the listeners. He has much admiration for Mr. Cook, who is tireless and brave. On Tuesday he told us about the gavel he held, but I'm not as brave as he, a leading broker with a way of forging armers' contracts for machinery that brought him a packet of wealth but left the farmers facing bankruptcy.

This one wasn't a difficult sprout compared with some he's made, since he knew where to find the broker's office and actually encountered two of his partners, who I must say didn't show up very admirably. We ended with the statutory telephone conversation "It is not the policy of this company to make any comment," said the broker with a persistent look of

### RADIO

B. A. YOING

imagination. When this was done, Mr. Cook hinted that things should be taken further. And so he should; but why not long before, when the facts first came out? Why make a *Ther's Life* of it all?

I don't understand whether the object of this programme is justice or entertainment. Put it on television, of course, and there would be cheques flowing in to the sufferers at once, but on radio things aren't like that. Frederick Erdmann's *A Small Sacrifice* on Radio 3 was as near a radio-nasty as they come. I suppose, an account of Guy de Maupassant's madness and death as recorded by his valet Francois Tessart. The egotistical evil was syphilis, which he contracted at the age of 25 and lived with until his end at 41. Tessart has noted all the mad illusions and Mr. Erdmann has furnished them with dialogue to make them cohesive, if not coherent. There was the lady in a grey dress and nothing underneath, a recollection of Gisele, one of the 2,000 women he claimed to have had in three days in my prime! There was Swinburne with metaphoric pictures and a "skinned hand." All his money began to turn into piss; he shot at his mother and his doctor because he took them to be publishers.

It was a terrible story, brought to grimy life by Michael Elphick as Maupassant, with Sean Barrett as his faithful servant, John Theodorakis directed, with "special sound" by Jonathan Gibbs, the special quality of which I failed to discern.

Radio 3 turned to witness again later in the week, with a little assistance of the therapeutic community of Wiltshire, where the Chamberlaines tried to replace the then current dictatorial treatment of the mentally disturbed with kindness, reassurance and sympathy. Dr. Anthony Stevens made the tale of this pioneering home sound wistful.

There was a similar tone about *Tuesday Call* on Radio 4, which dealt with the treatment of the mentally ill. Sue McGregor, queen of *Woman's Hour*, combined with Philippe Russell of the National Children's Bureau and Brian Blake of the *Parents and Guardians of Children* in a need of help. Radio 4 is generous in its attention to people with handicaps. A Radio 4 groupie I know says that it's turning everyone into hypochondriacs.

I think that's going too far, but during the week there were *Medicine Now* and *Does He Take Sugar?* on Saturday. *Born Blind* on Sunday, *Tuesday Call* and *In Touch* and indeed another *Medicine Now* on Tuesday. It would be going too far to call Radio 4 groupies to try another channel if they don't like these programmes. Perhaps instead of becoming hypochondriacs they might turn into practical sympathisers.

Don't care for this week's Monday Play *The Orange Earth* by Adam Smith. I am as indignant as anyone about Cape-coloured who have to "go round the back"; but I didn't think Johnny's case was well presented. He was a terrorist bomber who had killed a girl, which, to me, means nothing can justify. Moreover, though we heard a little about Johnny's mother, "a Muslim girl," his father is presented as a hero, though he must have known when he married that his children would be classed as Coloured. Yes, yes, that is outrageous; but he knew it was happening. Yvonne Bryceland as Johnny's wife, conducting improbably long arguments with the trial judge, and Tony Osoha as Johnny were splendid.

Current check on time-stuffers: Radio 4 is back with *My Word*, a cross between a general-knowledge paper and a guessing game, finishing each week with two long-drawn-out but puns by Blair and Norden. Radio 3, which has shown itself pretty rocky with its short items, is doing all right with *Thackeray's Book of Snobs*, an exact Victorian equivalent of *Private Eye's Great Bores of Today*. But next month we shall have more of *Barnes's People*, as brilliantly cast as the last lot.

## Drama of the awards

This has been the week of London's theatre awards. Last Sunday the Society of West End Theatre, SWET, handed out 21 bronze statues designed by Tom Merrifield to a nude likeness of the actress Lynn Fareligh. On Tuesday, another gathering of the theatrical clans at the Savoy Hotel for the Standard Drama Awards applauded the seven recipients of Frank Dobson's coveted bronze figures. I am told by several actors and playwrights that these weighty tributes to theatrical achievement come in handy as book-ends and doorstops.

But what purpose do these awards serve, beyond the obvious ritual opportunity afforded for large-scale displays of backstage back-slapping? The SWET awards are preceded in November by the announcement of nominations in all categories, and from that moment the classified listings and newspaper advertising were awash with news of them.

Television coverage is endemic to the exercise and, this year, disaster struck. For SWET had their televised ceremony booked for December 4 in the

award for his performance in *Mr Swash* paid tribute to the public who support the theatre, and it is a feature of the SWET awards that members of the public serve on the judging panels alongside such media celebrities as Mervyn Bragg and Roy Plomley.

In sharp contrast, Standard prize-givers and recipients said most interesting, even moving, things. This may be because they knew in advance of their good fortune. But the Standard also matches giver and receiver very well. Thus Janet Suzman, giving an award to Abhol Fugard, her South African compatriot, knew what to say about him; and Sir John Gielgud made some wittily apposite remarks about the achievement of Derek Jacobi, who received an award for four major performances last year, including two in roles special to Sir John, Benedick and Prospero.

In honouring Fugard and the Soviet director Yuri Lyubimov (for *Crime and Punishment*), the Standard's list of prize-winners had a welcome international flavour. The newspaper's awards are decided by



Derek Jacobi in *The Tempest*

ending poll to each January issue among 20 London critics, 1000 to favour the subsidised and highbrow end of the West End market.

In fact, only one of this year's SWET awards went to a play originated in the commercial sector. Hugh Whitmore's *Back of the Hand*. SWET gave three awards to the RSC's *Cyano de Bergerac* and two to the National's *Glenrath Glen Ross*. I think this is regrettable. It does nothing for the commercial sector—which has been uncharacteristically busy this last year—and misses an opportunity to promote private enterprise in a sphere desperate to encourage investment.

Louis Benjamin, head of the Stoll Moss group which operates a quarter of London's main houses, was scathingly critical of SWET's *Drury Lane Show*. He would like to see one annual awards ceremony give the style and authority of Broadway's Tony Awards. But why should the Standard co-operate with SWET, or anyone else, having pioneered the London awards system as part of their geocentric daily coverage of the arts?

Another leading impresario, Michael Codron, has always been hostile to the SWET awards and considers the much-vaunted SWET objection to the Standard's list as being "elitist" totally absurd. The democratic voting system of the SWET awards is, in his view,

a chimera yielding awards repetitive of and superfluous to the Standard's. "And anyway," says Codron, "the Standard orders these things better than does SWET."

Bob Swash defends the SWET as primarily a means of promoting the theatre through the television coverage. And if Anso Ford in a stunning shoulder-less black dress reading trite clichés of an autocrat like a programmed zombie brings more customers into the West End, all well and good.

But it was at the Standard lunch that the genuine heart, zeal and passion for the theatre could be sensed, even in such obviously histrionic circumstances. John Mortimer presented an award to Phil Young, designer and director of a show, *Crysis Clear*, which transferred to the West End from an Islington pub. In the presence of the Duchess of Kent, a Soviet director in exile, a playwright who knows the true value of apartheid and several hundred nervous artists, Mortimer said:

"Politicians live on hostility, artists on our common humanity. Any money spent on the arts is better spent than all the money spent on the machines of obliteration."

It is the sort of remark usually edited out of the TV highlights. This year we shall have to wait and see until February 20.

## Michael Coveney assesses a week of theatrical prizegiving

middle, as it turned out, of the RSC strike of outside broadcasting technicians. SWET re-arranged the event for last Sunday and thereby put paid to immediate transmission this week by Thames Television of the Standard page.

SWET's president Bob Swash was duly and sincerely apologetic to the Standard. But he insists that Monday night's transmission date was the first made available to him by the BBC, and SWET owes its spot on the English Tourist Board, the TV coverage. The BBC paid about £20,000 for the programme, an amount to match that paid by the Tourist Board to SWET.

Monday night's programme from the Theatre Royal, Drury Lane, was better on the box than in reality. The cabaret—the National Theatre of Great Britain Reading, Wayne Sleep—was passable. But none of the recipients or award-givers said anything interesting, with the shining exception of Denis Lawson, who picked up an

a panel gathered in the private room of a Soho restaurant and, having served on it myself in the past, I can assure you it is a thumpingly spirited, no holds barred, enjoyable occasion. But the end result is a serious, balanced, usually undeniably appropriate list.

Over 20 years, the Standard awards have, with uncanny precision and precision, reflected the major movements in the modern theatre. Edward Bond has never won a prize, and the 1984 award overlooked the claims of Guy Cumber as *Best Promising Playwright* for *Entertaining Mr Sloane*. But right from the beginning in 1955, Beckett, Osborne, Pinter, Stoppard, David Hare and Christopher Hampton, and all our leading actors and directors, have been acknowledged.

The SWET awards are only eight years old. The initial idea was to win some recognition for the commercial sector, as the Standard awards, and those of the magazine *Play* and *Flayers* (which conducts a fas-

inating poll to each January issue among 20 London critics), 1000 to favour the subsidised and highbrow end of the West End market.

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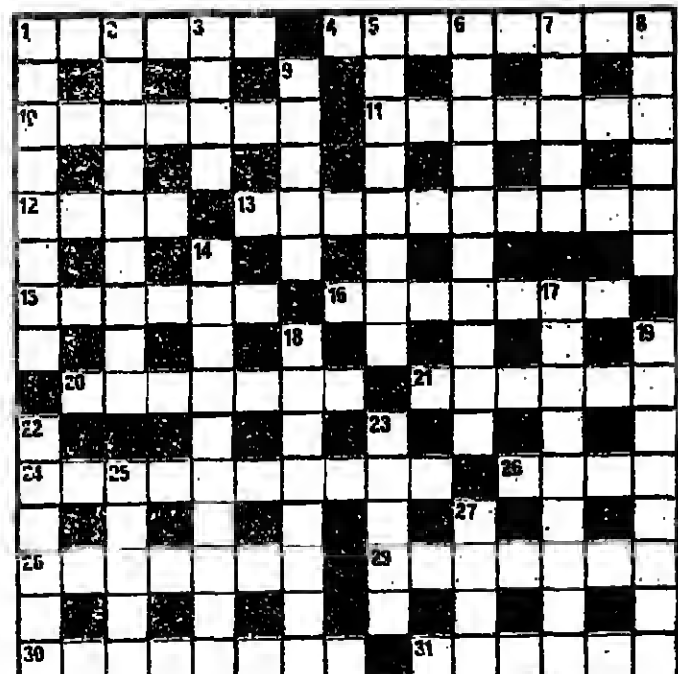
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### F.T. CROSSWORD PUZZLE No. 5,328



A prize of £10 will be given to each of the senders of the first three correct solutions received. Solutions must be sent by post to: *Fun Times*, marked 'Crossword', to the Editor, 10 Cannon Street, London EC4A 3DF. Winners and solution will be given next Saturday.

Name: \_\_\_\_\_  
Address: \_\_\_\_\_

- ACROSS
- 1 Wine for a poet (16)
  - 4 Settles and sets type (5)
  - 6 Co. miles out of the way for porcelaine (7)
  - 10 Our descent of track takes a long time (17)
  - 12 Evolution of surprise from first couples in Somerset House (4)
  - 13 Fitting lamp so X-ray is produced (10)
  - 15 Flavors' union on out in extremes of civility (16)
  - 16 Function of hospital at London borough? (11)
  - 20 Retirement—can you beat it? (7)
  - 21 Take the Queen's stalling in silent reform (16)
  - 24 Imagine that having no opening in a Gainsborough? (12)
  - 26 Nervous cough taken up by dressmaker (14)
  - 28 Gamble fifty in eastern church (11)
  - 30 Penny-in-slot opening for snapper? (17)
  - 30 With which curate ate best 'rats'? (13-5)
  - 31 He can fly a kite unaided (6)
- DOWN
- 1 In this fortnite, he's after spectacular goals (8)
  - 2 Form of 'ahalom' to employ gives poor relief... (14-5)
  - 3... unit of work comes to nothing, therefore (4)
  - 5 Spectator seeing no cuts, cover-drives etc? (8)
  - 6 Pay at 14p a sonnet? (5-1-4)
  - 7 Host crawled, perhaps, round rider (13)
  - 8 Removes Jago's trash? (6)
  - 9 A piece of lamb, say (5)
  - 14 Meet for a drink? Just the reverse (17-3)
  - 17 Huzz rebus, bopping, lives next door (13)
  - 18 Station has dust-WC fitted (8)
  - 19 Run out of stock? (5)
  - 22 Rare pieces of coined money (16)
  - 23 Silent film-star? (5)
  - 25 Sword-sound of Campbells, for instance, at head of Gloucester (5)
  - 27 King born in low joint (4)

### BBC 1

- 8.25 am Goddard's Cartoon series. 9.00 Saturday Superstore. 10.15 pm Weather.
- 12.15 Grandstand, including 12.30 News Summary. Football Focus (12.30). Racing from Cheltenham (12.55, 1.30, 2.05, 2.40). Skiing (1.10) from Garmisch, West Germany. Table Tennis (1.45, 3.55) Norwich Union English Open Championship from Brighton. Snooker (2.15, 3.15, 3.55) First semi-final of the Benson Hedges Masters from the Wembley Conference Centre. Darts (3.15, 3.45, 3.55) The Dry Blackthorn British Open from the Rainbow Room, Kensington. Final Score (4.31)
- 5.05 News.
- 5.15 Regional variations.
- 5.20 The Red and Egg Show.
- 5.35 Jim'll Fix It.
- 6.30 The Action Film: "Rentless", starring Will Sampson.
- 8.00 The Les Dawson Show.
- 8.20 Bergère.
- 8.25 News and Sport.
- 8.40 Wogan.
- 10.30 Match of the Day.
- 11.30 Late Night Horror: "Frankenstein Most Be Destroyed", starring Peter Cushing.

### REGIONAL VARIATIONS:

- Wales—3.15-3.20 pm Sports News Wales.
- Scotland—12.15-12.30 pm Sports News.
- Northern Ireland—4.55-5.05 pm Northern Ireland Results (up-out from Grandstand). 3.15-3.20 pm Northern Ireland News. 1.05 pm Northern Ireland News Headlines and Weather.
- England—3.15-3.20 pm London: Sport. South West (Plymouth): Sportlight. Sport. All other English regions: Sport/Regional News.

### BBC 2

- 10.10 am Open University.
- 1.05 pm Stars of the Silent Screen: Douglas Fairbanks Sr. in "The Mark of the Cross".
- 4.05 Play Away.
- 4.20 Saturday Cinema: "Lisbon", starring Ray Milland, Maureen O'Hara and Claude Rains.
- 6.00 Snooker. Highlights of this afternoon's first semi-final in the Benson and Hedges Masters at Wembley.
- 6.30 Sight and Sound in Concert. The Europeans on stage at The Gold Diggers.

### CHIPPENHAM (simultaneous broadcast with Radio 1)

- 7.30 News and Sport.
- 7.45 The 20th Century Remembered.
- 8.15 Snooker.
- 8.25 C. P. Snow's "Strangers and Brothers".
- 10.20 Men... at Home.
- 10.45 Newswatch's January.
- 11.20 News to Go.
- 11.55 Snooker. Further coverage and the results of the second semi-final in the Benson and Hedges Masters.

### LONDON

- 6.55 am TV-am Breakfast Programme. 12.35 GMT Information. 2.00 Casino Street. 10.30 Saturday Show.
- 12.15 am World of Sport: 12.30 World Cup Skiing from Garmisch-Partenkirchen, West Germany and from Megève, France; 12.45 News; 12.50 On the Ball; 1.20 The TV Show from Dogchester and Ayr (introduced by John Oakley and Jim McGrath); 2.30 Boxing, live from the Victoria Hall, Stoke-on-Trent and Rialto; 2.45 Half Time; 3.00 Results; 4.00 Wrestling; 4.45 Results.
- 3.00 News.
- 3.05 Frazzle Rock.
- 3.23 The Fall Guy.
- 6.30 Child's Play.
- 7.00 3-1.
- 8.00 T. J. Hooker.
- 9.00 News.
- 9.15 "Are You in the House Alone?", starring Kathleen Keller, Elvira Daner and Tony Ball.
- 11.05 London News. Headlines followed by Rock Concert.
- 12.05 am Profiles in Rock.
- 12.35 Best of Saturday Night Live followed by Night Thoughts with Rev Kenneth Grier.

### CHANNEL 4

- 1.30 am Coping.
- 1.30 The Major and the Minor starring Ginger Rogers with Roy Milland.
- 4.10 The Three Stooges.
- 4.23 Saturday.
- 5.05 Football.
- 6.00 The Other Side of the Tracks.
- 7.00 No Problem!
- 7.50 News Headlines followed by Seven Days.
- 8.00 Twenty-Two Vision.
- 8.59 Return—The Elephant Care.
- 9.30 The Avengers.
- 10.30 The Comic Strip Presents: 11.10 "W" starring Twiggy with Michael Withey.

### SOLUTION AND WINNERS OF PUZZLE NO. 5,322

- Mrs D. Percy, 36 Orton Road, Leicester.
- Mrs V. Cleaver, 4 Machrie Place, Kilwinning, Ayrshire.
- Dr John Aldren, 90 Pembroke Road, Bristol.

## Sounds of France

More and more of the French repertoire between Franck and Debussy and below Debussy and Franck—is becoming available on record these days. Ronald Crichton discussed here, day before yesterday, the latest operatic examples from Offenbach and Charpentier to the Roussel and Hahn; the new instrumental offerings make a tempting spread too.

In reverse chronological order, we have first Georges Auric, who died last year at 84. His career stretched from early identification among "les Six" through ambiguous fame as a film-composer to a spell as opera-administrator; his later serious music, much tougher than you might guess from his waltz-song for *Moulin Rouge*, goes unheard. A new Adès record (14018, from Studio Import and Export) makes restitution with a mixed bag: a 1838 Trio for woodwinds, and a sharper "kick" in the dance-rhythms wouldn't have hurt). On the other side there is a Prokofiev Third Concerto of resplendent clarity and judicious weight. Moderate tempo, imposing power; nothing demonic, no edge of extra-musical hysteria, but total commitment to what the music actually contains. These performances set a special standard.

Another EMI release gives us fresh music by dear old Charles Koechlin, disciple of Fauré and teacher of Poulenc and Milhaud, devotee of *The Jungle Books*.

Mille Gusset adds a few "personal" touches to the more wistful music; she captures Poulenc's diction, and therewith his tone of voice, most faithfully, and the music blossoms. The *Bournemouth Symphony* under Rudolf Barshai is correctly sober but alert (the first-deck winds are variable, and a sharper "kick" in the dance-rhythms wouldn't have hurt). On the other side there is a Prokofiev Third Concerto of resplendent clarity and judicious weight. Moderate tempo, imposing power; nothing demonic, no edge of extra-musical hysteria, but total commitment to what the music actually contains. These performances set a special standard.

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### RECORDS

DAVID MURRAY

and of stars of the silver screen. His *Seven Stars Symphony* (ASD 1731391) is less a symphony than a grand suite, celebrating in turn Fairbanks, Lillian Harvey, Greta Garbo, Dietrich, Emil Jennings and Chaplin (the latter gets a whole impressive variation-set). Lucky readers whose attention has already been captured by Leo Bandaru Log or by Radio 3's ritual excursions into Koechlin's chamber music will need no further encouragement; newcomers can be assured that his level of invention is wonderfully consistently quirky, though low-profiled, and that it is supported by an original core of radiant harmony. The record is filled up by his piano-and-orchestra *Ballade* of 50, intimate ruminations that may be too gentle for public effect but carry beautifully on the gramophone.

### Theatre writing grants given

The Arts Council has approved theatre writing bursaries of £2,000 each to Tony Coull, 36, and James Robson, 30. Mr Coull, who has been involved with Theatre-in-Education and, currently lives in Peterborough, is to write a play about prisoner-reform camps in East Angles. Mr Robson, a York-shireman who has written extensively for radio and television, is to write a play about the demise of rural England and the decline of the nuclear family.

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مركز الصداقة



# An education in new and old vintage tastings

BY EDMUND PENNING-ROUSELL

THERE ARE broadly two types of tasting to which those who write about wine are invited: those in hope of publicity for new lists or new items, and those principally to provide information and what may be called education.

The most interesting in the first category are those devoted to recent vintages, and the best attended one in the year is probably that given for the trade and Press by the distinguished Beaune firm of Louis Latour, autumn in the Skinner's Hall in the City. Its lofty hall is traversed by two long tables, each lined with about 30 white and red burgundies: this last time for the 1981 and 1982 whites, and from 1982 back to 1979 of the reds.

If Latour's tasting is very well attended, one of O. W. Loo's pair is the most social occasion. Its customers are invited to the one which the firm devotes to its list of German and French wines.

The result is rather like a crowded picture gallery private view. The serious business is much interrupted by greeting old friends and punctuated by the hazards of expectation on the customers' best clothes. But the level of wines is high, for as far as possible Loo's (of Jermyn Street, SW1) buy only from growers with which it has exclusive arrangements, though this is not possible with Bordeaux, and so small is the demand for fine German wines in Britain that it has few rivals for the estates it represents. Its white burgundies showed that the 1980 Grand Crus Chablis Les Clos and Vaudesir (each £8) were much more ready than the superior, but closed-up, 1981s and that 1979 clarets have to be chosen with care: the Issan (£9.25) and the Grand Barreil (£8) probably the best. The German range showed the lack of character of most 1982s, though the Maxim Grünbauer Kabinett (£7.18) had the acidity and style associated with this fine estate's wines.



selected 33 wines to open and taste. As nearly all came from different parts of France, it is not easy to pick out a few, but here is a selection.

In each case the 1982s were cask samples, always difficult to maintain at a proper freshness of aroma and flavour. To give accurate retail prices is not possible, as those marked were either excellent or trade prices, or no price at all was given. This applies to other tastings too.

The big, powerful '82 whites were not all that easy to taste but the inexpensive Macon Lugny Genievres was very firm and fruity (c £4). Also I particularly liked the Chassagne-Montrachet (c £8), but the two top wines were Latour's own Corton Charlemagne (c £15), with lovely vanilla nose and typical bigavour, and the big, but finely balanced Bâtard Montrachet (c £16); very distinguished. The best '81, in terms of value for money was the plain Meursault (£9), oaky on the nose, full-bodied and nutty on the taste.

The reds were harder to taste, particularly the young ones, but

effectively traced in Norman Boyd's *The Discovery of Ship Models*, an enlarged and updated version just produced of his pocket guide published in 1961. (£8.95 plus £1.05 postage from Napier Editions, Corporate House, Queen Street, Colchester, Essex.)

Mr Boyd, whose father was a shipyard worker, says his love of the sea began at the age of 12 when he used to sail a ketch on the Clyde. He now skips a Moody Forty on the River Blackwater, makes, restores and collects model boats, has an exhibition, pilot's licence, runs a design firm, and lectures, writes and broadcasts on ship models.

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At Langford's Marine Antiques, 46-47, Chancery Lane, London WC2, Laurence Langford showed me some of the sort of things collectors look for. There are what he calls "nice little ships in bottles" dating any time between 1890 and 1950, from about £40, depending on how well made they

Beaucillon is claret of real class (£5.20), while the Domaine Dujac's Morey St Denis '80 (£9.78) is a true, fairly light, not over-sugared burgundy.

Tanners of Shrewsbury, with several branches, including two at Hereford and Telford, is a member of the Merchant Vintners buying group of which Lay & Wheeler is also a member. So some of the same wines may be found on both lists.

Tanner's came to London for its tasting, which ran to no fewer than 80 wines, starting with a fine run of excellent sherries, among them Hidalgo's Mariscal Oloroso Seco (£5.59) a delicious dry oloroso of a type all too little appreciated here. In the white wine section an unusually crisp, fresh Extra-Doux-Mers was Ch. Moulin-de-Launay '82 at an attractive price of £2.60, a fruity, full-bodied Rully, Demaine Cogne '79 (£8.21) and a really fine, vanilla-scented Puligny-Montrachet Combettes '81 (£11.47) for laying down.

To pick out a few on the very comprehensive red list, the Côte de Rhône Ch. du Grand Moulas '82 (£8.02) had much more character than many of its kind, and a really robust, mouthful of a Châteaufort, the 80-year-old Vieux Télégraphe '80 (£4.92). Dearer, but a classic burgundy was Comte Lafond's Volnay Santenots '78 (£9.18). There were also some interesting "new world" wines: Joseph Phelps, oaky, fruity Californian Chardonnay '78 (£9.07), Trefethen California Cabernet-Sauvignon, with a minty bouquet and flavour, as greatly admired there (£8.42) and Wynn's Coonawarra Cabernet-Sauvignon '78, with

lots of body and a bargain at £5.41.

It is impossible to do more than indicate a few wines from these very serious wine firms, whose lists are worth writing for, save for importer Louis Latour whose burgundies are on many retail lists.

The other, informational, educational tasting is something of a reward for the first kind, which is often less inspirational than is commonly regarded. I have attended two such claret gatherings in recent months.

One was of thirty 1982 classed-growth Médocs held at Christie's wine course centre in South Kensington. All were cask samples, arranged by communes but no first-growths were included.

The tasting showed that not all '82s are wonderful at this stage. Looking for depth of colour, forthcoming aroma and big flavour, my favourites, generally to line with half a dozen other tasters, were, in the front rank, Pichon-Comtesse and Grand-Puy-Lacoste, very distinguished. Then in the second echelon were: Cos d'Estournel, Lynch-Bages, Cantemerle and du Tertre; and in the third Malecot, Haut-Bataille, Léoville Barton, Talbot, Calon-Ségur, and Lafon Rochet.

Then Sotheby's accommodated a retrospective, blind tasting of 90 1959 top Médocs and red Graves, generously assembled by a frequent client of London's auction rooms, an American collector, Mr. Blipin R. Desai. Once proclaimed "the vintage of the century," there has always been a query over 1959, but from this exercise it was clear that its peak has been reached, with a good many wines already brown-tinted and drying up.

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Alan Forrest thinks about the future of Yorkshire cricket

IT HAS taken me a long time to work out how to tell readers of the Financial Times all about sumo-wrestling, which is Japan's national sport and, after baseball, probably its most popular spectator pastime.

Inspiration finally dawned the other afternoon when, stuffed with yakitori and sake and only mildly uncomfortable after three hours in a four-seater "box"—which consists of four cushions spread over a floor area the size of the average coffee table—I realised I was deeply involved, consumed indeed, in the spectacle of two near-naked gentlemen, collectively weighing some 700 lb, preparing to do brief battle with each other.

For all the tradition and ceremony that goes with sumo, the real attraction, as in almost every sport, is the personalities. They come in larger-than-life sizes is irrelevant, just as the pleasure of watching basketball in the U.S. is undiminished by the fact that the best players are often seven feet tall and therefore capable of feats beyond the average Walter Mitty.

It also then occurred to me, simply by looking around the crowd, that increasing numbers of foreigners, on business or holiday in Japan, either go themselves or, more likely, taken by their Japanese hosts to one of the six annual, 15-day-long sumo tournaments, for which the gorgeously explicit Japanese name is "busho." Any decent guidebook can give the visitor a fill-in on the sport's background, but real enjoyment can come only from some knowledge of who is who, who is on the way up and who down and why it is that, for certain bouts, the normally phlegmatic Japanese audience starts displaying symptoms akin to Cup Final hysteria.

So, just as the itinerant Japanese who is, of course, the soul of diligenz might come armed with some awareness of the likes of Im Botham, or Fernando Valenzuela—baseball—Michel Platini—European soccer—here is the travelling rajinji's inside look at the current state of sumo.

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## But 'twas a famous victory

And everybody praised the Duke. Who this great fight did win, But what good came of it all? Quoth little Peterkin, "My that, I cannot tell," said he, "But 'twas a famous victory."

Robert Southey

DAVID BAIRSTOW, Yorkshire's new captain, declares that he will be happy to have Geoffrey Boycott in his team next season. Team manager Ray Illingworth, at the same time, says he will play no more because of the shouting and howling from the groundlings.

So where is Yorkshire cricket now? For a batsman with only secondary claims to bowling skill to have bowled out Norman Yardley, Freddie Trueman, Ronnie Burnet and Ray Illingworth at the flick of a ball; paper is a famous victory. But what good will come of it?

As a Yorkshireman and fan for nearly half a century—I saw the twilight of Herbert Sut-



Kitanoimi (24 stone 1 lb) throws Kotokazi

## Jurek Martin in Tokyo reports on the big men of sumo wrestling

## Who's who among the 400-pounders

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## Art of the seafarers

BY JUNE FIELD

AS A comparative newcomer to the sea, secretary to the Navy Samuel Pepys appreciated the worth of studying a model before actually boarding a vessel.

It meant he was "in no sense at a disadvantage," and in his diary of 1662 recorded: "Up early, and to my office where Cooper came to see me and began his lecture upon the body of a ship which my having a model in the office is of great use to me."

Master shipwright Phineas Pett, James I's naval architect, is generally accepted as the first true shipbuilder's modeller, designing a model of the Prince Royal in 1607 which was later built and launched under his supervision.

And probably one of the first collectors of strictly accurate scale models was Charles Serjison, described as a kind of finance minister to the British Navy around 1700, who was able to take home those ship models which never got beyond the development stage. They were eventually acquired by Henry Huddleston Rogers and finally bequeathed along with the rest of his collection to the United States Naval Academy, Annapolis.

President Roosevelt was a keen collector of all kinds of model-frigate, sloop, of war, clipper ships, submarines, and even Chinese junks. President Kennedy's collection of ship models is on display at the U.S. Navy Memorial Museum, Washington, D.C.

The importance of the model's role in maritime development is

effectively traced in Norman Boyd's *The Discovery of Ship Models*, an enlarged and updated version just produced of his pocket guide published in 1961. (£8.95 plus £1.05 postage from Napier Editions, Corporate House, Queen Street, Colchester, Essex.)

Mr Boyd, whose father was a shipyard worker, says his love of the sea began at the age of 12 when he used to sail a ketch on the Clyde. He now skips a Moody Forty on the River Blackwater, makes, restores and collects model boats, has an exhibition, pilot's licence, runs a design firm, and lectures, writes and broadcasts on ship models.

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arc, and mid-Victorian "sailor-made" ship models of varying quality, from £150 upwards.

Some are crude, some are charming, many are hardly to museum standard, but about them all is a real feeling of the sea," says Mr Langford, whose customers range from doctors, lawyers and other professional men who want something impressive to show off in their offices, to more serious collectors who "mess about in boats."

As the quality rises, so do prices, with something really well crafted nearer to £500-plus, and original "prisoner-of-war" models anything from £1,000 to £2,500 upwards. At a Sotheby's sale last June 21, a large bone model of a 130-gun first-class ship-of-the-line fetched what was probably a world record, £50,000, for that type of model.

Also last summer a dockland model of a 68-gun ship, possibly HMS Hampton, in boxwood and pearwood, unplaned below the waterline to reveal the internal ribbing, made £36,300 at auction.

Nautical books are eagerly sought for research. The *Warship Nautical Bookshop*, 31 Newtown Road, Warrash, Southampton, Hants (04585 2254), is run by ex-Merchant Navy engineer Alan Obin, who bought the business 10 years ago from Phillip Bristow of Bristow's Book of Yachts and has over 1,800 different titles in stock. The current catalogue includes everything from John Bowen's *Scale Model Work-ships*, to Alan Rose's *Build Your Own Titanic*.



Late 17th century sailor-made full model of a ship set on a painted wood case, encaused in glass at Langford's Marine Antiques.

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## A round on the Caribbean carousel

A YEAR ago I stumbled on Windward Island Tropicals, a nursery in St Lucia, recently started for the production of house plants for the British market. That story brought me a message that a similar nursery had been started a year or so previously in Montserrat, and that I would be very welcome to visit it.

So, after Christmas, I set off with my group of enthusiasts intending to make it my headquarters but on arrival we found that the hotel in which we were booked had suffered multiple disasters and for the moment was quite unable to receive us.

So, by courtesy of Kenneth, we headed by Mr Don Hill and the new Haywood Hotel which has been built and attractively landscaped by the Barbados government and is let to Caledonian Hotel Management.

It proved a fortunate accident for we arrived just after the opening of the latest Barbados show garden, the Flower Forest at Richmond far from the centre of the island. This is the creation of a small group of enthusiasts headed by Mr Don Hill and is in part a conservationist in intent, in part a display garden for plants of economic importance as well as the many ornamentals that thrive in the kindly climate of Barbados.

During our stay the unprecedentedly low temperature of 64 degs F was registered on two successive nights and the delicate white flowers of *Regonia nitida*, so popular in the Caribbean, turned yellow with disgust. The Flower Forest

will eventually fill 30 acres of the hillside with fine views to the rugged Atlantic coast.

Already the upper 25 acres have been thinned and planted and look so mature that it is difficult to believe work started but little more than a year ago. By the end of 1984 it is hoped to have the whole area under cultivation and, given the right support, it should get better every year.

The biggest collection of ornamental plants in Barbados is almost certainly at Andromeda Gardens close to the Atlantic coast near Bathsheba.

Here Mrs Iris Bannochie has been busy planting since 1954 and presumably there must have been some plants before she started since the property has been in her family for more than 200 years. It is a very well organised and beautiful garden full of heliconias, bougainvilleas, bellisias, hibiscus, cassias, crocuses, euphorbias and many more including vanda and epiphyllum orchids growing outdoors.

The published list of 102 names tells only part of the story and I had to ask the names of numerous plants as we made our tour. There is also a thriving nursery which supplies many other Caribbean gardens.

In complete contrast to both these gardens is that at the Villa Nova, which Lord Avon used as a winter retreat between 1955 and 1971. Built in 1894 as one of the great sugar plantation houses, it has a gracious Regency look which is echoed by the garden. All the ground



## GARDENING

ARTHUR HELLYER

north-east corner of the small Antigua rain forest overlooking palm fringed Carlisle Bay.

Here both houses and gardens are being extended by Mr Howard Levine who, he says, by accident into St Johns in 1964, fell in love with the place, and has lived there ever since.

He bought Fort Clairmont in the mid-1970s, demolished the small building that remained there and ever since 1977 has been rebuilding and planting to his own highly romantic plans. The place now drips with the colour of every kind of bougainvillea, hibiscus, baubinia, jasmine, croton, acalypha and all the other tropical beauties that will thrive in a hothouse atmosphere.

At one time he planned to open it to the public as a botanical garden but then decided that this would interfere too much with his privacy. Yet I gained the impression that anyone genuinely interested in plants would have little difficulty in arranging a visit.

Fort Clairmont is surrounded by the best pineapple fields in Antigua and the crops here are so good as to suggest that the island urgently needs a canning factory so that this potentially profitable industry could be expanded.

So finally, and all too briefly, to Montserrat, the real object of my journey. It proved to be a dream island of twin volcanic peaks some 3,000 and 2,400 feet from deep blue sea and separated by a 1,500 foot pass over which the road goes

from the small Blackburne airfield on the east to Plymouth on the west.

In Montserrat, the roads are well surfaced, the villages clearly named, the crops well cared for and the golf course is verdant green. Lowland Island Plants, which I had come to see, occupies three acres of a neat industrial complex at the foot of the mountain behind Plymouth which it shares with sea-island cotton and electronics.

It is almost entirely covered by shade houses now mainly growing golden leaved scandapus and cream-speckled Marble Queen dracaenas to provide cuttings, which are flown to Clacion-on-Sea for rooting.

Most finish up in mixed ornamental bowls which are sold at stores such as Marks and Spencer. Six thousand cuttings can be packed into one 35lb cardboard box to be flown in economic lots of between 250 and 400 kilos by charter plane from Blackburne airfield to Antigua where they are transferred direct to British Jumbojet to arrive at Heathrow the following day.

Montserrat is full of fine houses and beautiful gardens. It even has its own recording studio where its famous pop star residents can continue to work if they feel so inclined.

The little aircraft that flew me back to Antigua arrived an hour late and from a different island than that scheduled without explanation of apology, but then it was not based in Montserrat.

## James French on the road to Wembley Can Brighton rock again?

THE FOURTH ROUND FA Cup-ties scheduled for this week-end—however long they may be delayed by freezing weather—look like providing a rare treat. In seven ties Second Division teams have been drawn at home to First Division clubs, a freak happening likely to assist the competition to make its reputation as "the great leveller" survive.

The cream of the draw seems to have risen in the south, generally most advantaged in these days of recession. One gem of a tie which will be played tomorrow for the benefit of television viewers is Brighton v League champions Everton, a repeat match from last season, when the Seagulls, then managed by former Liverpool player Jimmy Hill, were astonished by winning and reaching the Cup final.

Alas, they also descended

to Division Two, where they are now doing middling, while Liverpool continue to lord it as Division One leaders.

My outing today will be in Selhurst Park, where Crystal Palace, coming back to full strength and surely lifted by outplaying Newcastle and Reading, will be on course Saturday, could well surprise West Ham, who are now hard hit by injuries (two from a car crash) and who have slipped from their early-season peak.

The other southern thriller is at Fratton Park, where Portsmouth, a club with a tradition of skill and success, fighting their way upwards from the fourth, meet their now-overvalued neighbours Southampton, managed by the towering, multi-talented George Lawrie McManis.

In all the other matches, Brighton, Second Division sides at home to stiffer opposition,

whenever they might be played, the home sides have excellent chances of victory: Yorkshire clubs Sheffield Wednesday, enjoying an overdue resurgence, and Huddersfield, whose last real fame came even further back, could well dispose of Coventry and Notts County.

Charlton are capable of upsetting Eton John, Mercurial Watford, and Shrewsbury must fancy their chances again against Ipswich, whose recent form has been suspect.

Another intriguing tie is between Fourth Division Swindon, who more than a decade ago built a reputation for creating Cup heroes against senior clubs while wearing training shoes on icy pitches, and Blackburn.

But it looks a safe bet that when the round is complete, after all the replays and postponements, First Division clubs will still be in a minority.



# Thatcher: record and reality

By Peter Riddell, Political Editor

## The hands-off recovery

A LITTLE over a year ago, the consensus forecast for U.S. growth was about 3 per cent in real terms, but Wall Street was staging a roaring bull market in equities. The growth came through at more than twice the forecast rate, in nice time for President Reagan in his election-year State of the Union message to claim the credit.

However, Wall Street seems to have topped out some time ago and there are now a few voices suggesting that the recovery could peter out uncomfortably early for a November poll. The huge U.S. government deficit, which some economists argue created the recovery, is now seen as a threat to its continuation even by the normally bullish Mr Donald Regan, the U.S. Treasury Secretary.

Meanwhile, in the UK, we have a consensus forecast of about 2½ per cent real growth. Again, we have a vigorous bull market in equities, even if it is not roaring quite up to U.S. standards; and as in the U.S., the Government is beginning to hint that the consensus forecast may be too modest. This could well be true, for the latest batch of revisions of the official figures confirms that we have been doing better than we thought all along. (The systematically gloomy bias of the official figures was discussed in this column last week). Watch for the consensus forecast to be revised accordingly.

These transatlantic echoes are odd, for at first sight our two economies are following radically different paths. In the U.S., there is a huge fiscal injection, real wages are static, while the dollar continues to defy the forecasters with a kind of loofian rope trick. In this country we have the tightest fiscal policy on earth, according to the OECD (though not as tight as a year ago), real wages are rising too fast for comfort and sterling is a bit weak on its average measure — and spectacularly so against the dollar.

**Determinants**

If Government policies and exchange rates were the real determinants of our economic fortunes, as some economists seem to believe, then our two economies could hardly follow a remotely similar course, but in the real world, of course, a lot of other people take important decisions. Indeed, the increase in the U.S. fiscal deficit, including State budgets, was almost invisible between 1982, when GNP fell by 3 per cent, and 1983, when it rose by 8 per cent.

The people who did change their behaviour drastically were consumers. The U.S. personal savings rate, which had peaked at 9 per cent of income during 1982, fell to about 4½ per cent

AS Mrs Thatcher given up on Thatcherism? Has the Government tacitly retreated from the economic strategy and targets it set itself in 1979-80? Has Thatcherism been blunted by the bureaucracy and by a lack of will to cut the size of the public sector?

That is the charge levelled by some of the Government's sympathisers — ranging from parts of the popular press to former Downing Street advisers like Mr Norman Strauss. The argument of the "disillusioned zealots" was summed up a few days ago by Mr Walter Goldsmith, the director-general of the Institute of Directors.

In his view, Mrs Thatcher's equivocation earlier this month over her 1979 manifesto pledge to cut taxation and public spending in a second term was "not good enough." Government spending, he argued, was "not under control" and it was a grave error to promise to maintain current welfare spending.

Hence, according to Mr Goldsmith, the forthcoming Budget is "a credibility test of whether Mrs Thatcher and her Government are really committed to the radical spending and tax cutting policies that are necessary to sustain economic recovery."

From a different angle—that of the traditional "establishment" (including some top civil servants and industrialists), Tory "wets" and social democrats—the charge is "we told you so." On this view, Mrs Thatcher has been furred to bend, at least partially, to economic and political realities. And these involve higher public expenditure.

For whatever reason, spending pressures have meant less room for manoeuvre for reducing taxes, so the Government has been compelled to lower its targets and expectations of what it can do. The keynote now is consolidation and the reasons for this are to be found in a close analysis of the record of Mrs Thatcher's first term.

The facts and figures show how different the record has been from what was intended in relation to the main financial targets. But that is only part of the story. First, some of the aims, including the purely financial ones, appeared from the start to be mutually incompatible. Second, the Thatcher economic record has to be measured against what



Mrs Thatcher's problem: radical momentum v constraints

might have happened under alternative economic strategies and against what has occurred overseas.

Thatcherism is not, and never was, a coherent set of detailed policies. It is much more a series of values and instincts—reflecting Mrs Thatcher's gut belief that the size and scope of the public sector must be reduced so as to allow people to keep more of their gross earnings and to stimulate the expansion of the private sector.

A number of specific financial pledges were made before and immediately after the 1979 general election. They included:

- To return as nearly as possible to the real total of expenditure in 1977-78. After the sharp rise in spending in 1980 this was modified in March 1980 to a progressive reduction of 1 per cent a year.
- A substantial cut in personal taxation at all income levels.
- A medium-term financial strategy setting targets "for a steady deceleration in the rate of monetary growth over a four-year period, buttressed by a gradual reduction in the size of the underlying Budget deficit, which in turn is to be achieved by a steady reduction in the real level of total Government expenditure."

Yet these aims did not stand alone in the 1979 manifesto. They were coupled with commitments to raise spending on defence and law and order and to uphold the welfare state. And the income Thatcher administration fared sharply rising inflation and an imminent world recession in 1979-80. Both of these made it much harder to reach the financial objectives.

The tables below show what happened when the two sets of commitments collided. The Government chose to raise taxes to meet the increase in public borrowing (the difference between the two) was held down as much as possible.

This policy of fiscal rectitude would have been fractionally out of response to a rise in public spending largely for the same reasons as in the UK, the Reagan Administration has left most of its early tax cuts in place, and the Federal Budget deficit has risen sharply as a percentage of GDP. In the UK it has fallen.

Yet in Britain it has proved impossible to nevertheless prevent public expenditure from rising both in real terms and as a proportion of national

expenditure has meant that public sector borrowing has been consistently higher than originally planned. On the other hand, borrowing is currently at the lowest level relative to national income since the early 1970s and has been held down much more than in other major industrialised countries.

Indeed, the criticism of the Institute of Directors school miss the point. By comparison with what has been happening abroad and with the refractory policies proposed by the Labour and Alliance parties the Thatcher Administration has been remarkably determined in trying to hold down expenditure.

What ministers have had to recognise — some eagerly and others reluctantly — is the limitations of their room for manoeuvre given the economic facts of life and commitments to the welfare state.

What has changed is the rhetoric, not the aspirations. In her Weekend World television interview earlier this month, Mrs Thatcher said that the objectives remained the same: "We all believe that the Government should dominate people but the Government should serve the people and part of that is not taking too big a burden of tax."

Yet she was cautious about promising to reduce expenditure and tax to its relative share of 1979. All she could pledge was to "strive to do so." A lot of it will depend on circumstances, some within my control, and some outside my control.

That is the language of an experienced minister in office rather than, as before 1979, of an opposition politician. Yet Thatcher the crusader like Mrs Thatcher the problem is how to maintain a radical momentum in face of these constraints. One response is to try still harder to hold down expenditure — to improve efficiency in, for example, the National Health Service and the Ministry of Defence. And even if radical options like educational vouchers and compulsory health insurance have been rejected, there is still scope for trimming back spending by modifying entitlements to, say, the state pension scheme.

All this may seem like gradualism but it can make a difference. So even though Mrs Thatcher has been reluctant to make a firm commitment about reducing public spending and taxes back to their relative levels of 1979, the aim is still to hold down spending and cut

## HOW TAXES ROSE AND SPENDING CHANGED

Income tax and national insurance contributions as a percentage of gross earnings\* (cost terms at constant prices, 1978-79 = 100)

|                | 1978-79 | 1979-80 | 1980-81 | 1981-82 | 1982-83 | 1983-84 |
|----------------|---------|---------|---------|---------|---------|---------|
| 75% of average | 20.8    | 32.05   | 22.49   | 24.4    | 24.9    | 24.2    |
| Average        | 25.2    | 24.6    | 25.8    | 27.6    | 28.1    | 27.7    |
| 50% of average | 49.7    | 41.2    | 42.7    | 44.9    | 44.4    | 43.2    |

\*Including child benefit where relevant.

Source: Various parliamentary answers

|                 | 1978-79 | 1979-80 | 1980-81 | 1981-82 | 1982-83 | 1983-84 |
|-----------------|---------|---------|---------|---------|---------|---------|
| March 1980 plan | 100     | 99.6    | 99.6    | 96.7    | 96.5    | 95.8    |
| Outcome         | 100     | 101.0   | 103.3   | 105.7   | 107     | 108     |

\*Including debt interest.

Source: figures based on estimates by Mr Terry Ward, specialist adviser to Treasury and Civil Service Committee of the Commons

## Letters to the Editor

**Elgin**  
From the Professor of Greek, University of Bristol

Sir—National identity is a complex issue, as much a matter of consciousness as of history, but William St Clair's article (January 21) confuses rather than clarifies. It is misleading, to say the least, to quote Byron on the irrelevance of history without going on to quote his next sentence: "The poor Greeks do not so much abound in the good things of this world, as to render even their claims to antiquity an object of envy; it is very cruel, then, in Mr Thornton to disturb them in the possession of all that time has left them; for their pedigree, of which they are the more tenacious, as it is all they can call their own."

It was misleading too to suggest that all sense of continuity with antiquity was the product of Western influence and "romantic foreigners." Few Greeks were less westernised than General Makryannis, the hero of the Greek war of independence, who taught himself to write "in my old age and to do this erudite writing," because he "cannot bear to see the right stuffed by the wrong," but it was Makryannis who prevented some of his soldiers from selling ancient statues to Europeans by saying to them: "you must not give away these things, not even for 10,000 talents, you must not let them leave the country; it was for them we fought."

It was an odd mistake for the chairman of the Byron Society to attribute to Byron a story told by his friend Hobhouse, but more relevant that there is no evidence that Hobhouse's "learned Greek of Joanna" was "Western-educated" and nothing could be less likely. Of course, the Orthodox Church was ambivalent in its attitude to pagan Greek achievement, but it was the Patriarch of Constantinople

who, in 1819, threatened to excommunicate any Orthodox Greek who connived at the removal of antiquities, and that as a direct result of Lord Elgin's activities.

As for Lord Elgin, we can agree that Byron's attacks on him were often scurrilous "smears" without shutting our minds to the fact that others, equally distressed by what even Elgin's own agent, Lusieri, could call his "barbarisms," Edward Dodwell and E. D. Clarke were both in Athens when Elgin's men were at work and both collectors of antiquities though they were, have left accounts of their sense of shock and dismay at what they saw.

The best answer to the question your headline poses—"The myth of how Greek?" is to be found in the poetry of the great poets of modern Greece, in men such as Seferis, Elytis, Ritsos and Sinopoulos; no one who reads Seferis' poem *Argonauts from Myhistrora* can doubt the power of that haunting sense of continuity, and the title of that collection reminds us that in all our attitudes to the myth is as potent a force as historical fact. Herodotus would have understood that.

John Gould.  
Department of Classics and Archaeology,  
Wills Memorial Building,  
Queens Road, Bristol.

**Psephologists**  
From Dr W. Grant.

Sir—Malcolm Rutherford (January 20) should not suppose that British political science is accurately represented by the conference he attended at Essex University. A recurring problem for political scientists is that the "high profile" of psephologists means that their importance in, and contribution to, the discipline is often exaggerated. Most British political scientists have been more interested in what goes on

between elections, rather than what happens at them, for over a decade. As for Warwick University, its politics department has, to the best of my knowledge, been better known for hard-edged policy studies than for work which seems to be inspired by Swift's account of "political projectors" in the Grand Academy of Lagado.

(Dr) W. P. Grant,  
194, Rugby Road,  
Leamington, Warwick.

**Derbyshire**  
From the Labour leader of Derbyshire County Council

Sir—Within the past three weeks, a debate through your columns has ensued about the finances of Derbyshire County Council. Statements have been made by the Leader of the Opposition Group, Councillor Walter Marshall and by Mr Philip Oppenheim, recently elected Conservative Member for Amber Valley.

Councillor Marshall refers to the "extravagant" policy of spending £1.5m on a waste disposal site. The figure is £700,000 which represents a reasonable purchase. He says four extra posts were required to run a civic newspaper. The figure is two posts. (The need for a council newspaper was emphasised recently when no reporters were present for a finance committee debate on the Rates Bill, one of the most important issues facing local government.)

Mr Oppenheim attempts to suggest that government grant to Derbyshire County Council has in real terms increased and concludes therefore that rate increases must be the result of overspending.

The Rate Support Grant in 1980/81 was 61 per cent of local authorities' relevant expenditure. In the coming financial year, Rate Support Grant will amount to only 61.9 per cent

users who run their payroll on a microcomputer.

BACS will not accept a computer printout from a micro, nor will it accept a 5¼ in floppy disc.

The result of this is that although the Clearing Banks have introduced automation from January 3, their customers, using microcomputers, cannot provide them with the information they require in an acceptable form. National Westminster have devised a semi-automated system called Auto-pay, and the other banks will go on accepting the old labour-intensive manual system!

The problem appears to arise from the fact that BACS have made no provision for accepting 5¼ in floppy discs, and hence the computer manufacturers and software houses have no standard to work to for the future. At this rate automation is a pipe dream.

The present manual system is obviously unacceptable to the Clearing Banks, but although they set up BACS in the first place to help them, they have not insisted on the establishment of an acceptable format for the microcomputer in order to implement the automation they desire.

Michael Phillips,  
York.

**Aris**  
From Mr P. Clarke.

Sir—Excellent as your TV critic, Christopher Dunkley, is, he really must get his Cockney slang right. In his review of Minder on (January 25) he quotes: "Some Richard Haunting'er 'Arri' round the gaff." It should be Aris not Arris, as this is a fascinating example of double rhyming slang—Aristotle—bottle—bottle glass—arse.

Peter J. Clarke,  
38 Repton Close,  
Luton.

**Micros**  
From the Procurator, Ampleforth College

Sir—On January 3 the Clearing Banks automated their credit transfer system to cut out the labour-intensive manual system used in the past. There does however appear to be a problem in relation to business

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**THE SLEEPING** giant of the Scotch whisky industry has woken up with a hangover. The symptoms: a major headache over its domestic UK market and a palpable sinking feeling about its product image just about everywhere else in the world.

That giant is The Distillers Company (DCL) which this week unveiled plans for a U.S. acquisition which is expected to cost it at least £250m.

DCL is negotiating to buy Somerset Importers, one of the biggest liquor distributors in the U.S. Somerset owes its position there largely to a long-standing contract with DCL's Johnnie Walker subsidiary, signed in the dying days of the Prohibition era almost 50 years ago.

Half a century later, Johnnie Walker still accounts for 20 per cent of all bottled whisky exports from Scotland and remains one of DCL's most successful brands. But the group as a whole is badly in need of another boost, like the one it received in 1981.

The combined effect of a disastrous recession and years of apparent inactivity in the DCL boardroom have left the group trailing its major competitors in the UK and trapped by declining consumption trends for whisky overseas.

With sales becalmed at around the £1bn level since 1979 and pre-tax profits for the year to March widely expected to fall short even of 1978's £181m, the need for remedial action at DCL now looks urgent.

The Somerset move (which may make a welcome impact on trading profits) is not the only sign that DCL may at last be making up to the need for such changes. A new finance director was appointed last year and in September Mr John Connell succeeded Mr Robin Carr as chairman. That same month, the company began a painful six-month reorganisation of its traditional UK marketing arrangements, and in November the Johnnie Walker Red Label brand, withdrawn from the UK in 1977, was relaunched with all the fanfare the company could muster.

DCL's most recent battles outside the UK have been fought against a worldwide switch from "brown" to "white" spirits like gin and vodka. But this battle—in which Seagram's of the U.S. has just outflanked Gordon's as brand

## Distillers: waking with a hangover

**JOHN CONNELL**, its new chairman, joined DCL in 1946 and in most respects looks every inch the perfect company man. His father was chairman of DCL's Tanqueray Gordon subsidiary and his brother David is chairman of Johnnie Walker.

Connell himself, whose recreations are golf and shooting, joined the group straight from Oxford. Like most of his senior colleagues, he built his career in just one subsidiary and moved after 25 years with Tanqueray Gordon to join DCL's central management.

He is the first chairman with a background in gin rather than whisky and could yet prove the man to



break a few moulds at DCL: "We have got to beef up our marketing approach . . . I hope we are getting a little more extrovert."

attitudes at DCL. Group managers privately admit that the transition over recent months has been "traumatic." Even the DCL Gazette talked last month of the UK reorganisation being received "like news from the dentist, with despondency and anxiety but not with any real surprise."

The UK position is certainly serious: only 8 per cent of DCL's trading profits are derived at home against 32 per cent of its total sales. "If the reorganisation works," says one observer, "other reforms at DCL will look more attractive and more practical. But if it doesn't work, nothing will."

There are, in fact, three principal areas of concern about DCL's future. They are, in ascending importance, the gravity of the group's present predicament, its unwieldy

corporate structure and the defensive attitude which seems to prevail among many of its middle and senior managers.

"I do sense there is a feeling deep down in this company that it has to change," says Mr Connell. It would be strange indeed if there were not, for DCL is positively besieged by doom-laden statistics.

Its whisky sales worldwide have collapsed in volume terms by more than 30 per cent in the last four years. This is reflected in a dramatic fall in world market share between 1977 and 1983 from almost a half to little more than a third.

The UK market share of Haig, a decade ago still the UK's leading whisky, has collapsed to about 4 per cent. At least five other brands have a (with about 8 per cent) belongs to DCL and Bell's with 22 per

cent is far out in front. Over five years, DCL's total share of the UK market has fallen from 37 per cent to probably less than 20 per cent.

Moreover, DCL now seems bound to be forced back upon its more traditional markets by last year's sudden fall in Third World sales. These have been diligently cultivated since the mid-1970s, their disappearance particularly in Central and South America, could knock £30m or more off DCL's pre-tax profits in its current year.

There are many who worry that the scale and profusion of these setbacks could yet overwhelm DCL, however resolved the group may now be on setting matters right. Others argue that it could be one of John Connell's greatest assets as chairman that the need for remedial action is now so blatant.

The corporate structure he has inherited, by contrast, looks more like a liability. DCL seems so heavily decentralised as positively to invite the criticism that it hardly exists at all, except as a constitutional sovereign body presiding occasionally over a number of fiercely independent corporate fiefdoms.

All its major brands are proud of their autonomy: when their chairmen meet at board level it is like nothing so much as a gathering of the clans. Independent of any tartan colour are the five senior executives on the management committee responsible for co-ordinating group strategy. The workings of this organisation are deliberately kept a mystery to most people outside the group—and to not a few within it.

"Distillers is a fairly closely-run committee company," acknowledges Mr David Small, head of DCL's Dewar's subsidiary, "with our" understatement. Might it not be desirable for DCL to have more autonomy at the top if there are to be disruptive changes ahead? "It would be unusual," comes the candid reply, "for DCL to put anyone new in a position where he was able to make a large number of waves."

Which leads finally to the question of management attitudes within DCL. The proposed acquisition of Somerset Importers is surely an encouraging sign that critical strategic

## Surprising ABC of success

By Richard Lambert

ACCORDING TO current wisdom, Britain's relative economic decline during the past century should in large measure be blamed on a lack of entrepreneurial flair. Around the 1970s, so the argument goes, all those bewhiskered Boudier and Grandgrands started to become more interested in their country estates than in their iron foundries. While they went hunting and shooting, "dourly determined foreigners began to knock them for six in the international market place."

It's a convenient excuse, and one which until now has been difficult to disprove. British historians have never tended to care much about business, and most views about the role of industrialists in the past seem to be based as much on the novels of Charles Dickens, E. G. Wells and the rest as on reality.

But as from this week, those perceptions may have to change. The first volume of an important new publishing venture, the Dictionary of Business Biography, has thumped out to the book stands. Four more will follow over the next two years, bringing a total of more than 1,000 individual biographies—each averaging about twice the length of this article—of British businessmen active between 1880 and 1980.

The overall objective, says editor David Jeremy, is to put us into a position to make soundly based generalisations about entrepreneurship in this country over the last 120 years.

### Dignity

The Dictionary is being produced by the London School of Economics Business History Unit, set up five years ago with backing from the private sector and the Social Science Research Council. It has been designed to reflect the relative importance of different sectors of industry and commerce within the economy, and to capture key figures in the largest companies.

But size is not the only criterion, and nor is success. Here, for instance, is Samuel Benson—the man who brought a little dignity to the advertising business—while upright Jesse Boot nestles cheek by jowl with Horatio Bottomley, an outright villain.

Among the many enthralling entries is the story of Job Balfour, building society chairman turned banker. It ought to be required reading by those in the Department of Trade and Industry who favour the growth of financial conglomerates. Balfour turned out to be a mod prisoner at Parkhurst, where he was both librarian and organist. He died in 1916.

The more general aim, though has been to include businessmen who made a significant impact on industry and society and to assess their contribution in terms of their management style, the innovations they encouraged, and the way the companies developed.

### Absence

It is probably too early to draw general conclusions on the basis of the 270 entries in the first volume. One striking feature is the almost complete absence of women. Another the lack of working class heroes: less than a tenth of the entries were born in the lower social classes—a proportion which apparently matches similar findings about America industrialists. So much for Horatio Alger.

About a fifth of the 270 went to public school, and a third received some form of high education. Roughly a quarter had significant overseas experience, which is a surprising high proportion. They were not a very mobile lot, however. Only about a sixth worked for three or more firms during their careers.

As for religious background: nearly a quarter were non-conformists, and there is evidence of a strongly supportive network among the Quakers and the Methodists. Only 3 per cent were Jews while 1 per cent were Roman Catholic.

The question of gentry is harder to assess. Most of them ended up with nice homes in the country, but did not necessarily wash their hands of trade.

If a single volume can produce the likes of Plessey's Alec Clark, Eric Bowater the pape king, Metal Box's Rober Barlow, and Tesco's Jack Coher, then the fashionable economist may have to temper their disparaging comments about the performance of Britain's businessmen over the past 50 years.

*Dictionary of Business Biography, Volume 1, A-Z, Butterworths, £5.*

### Weekend Brief

#### Living with the Official Secrets Act in Cheltenham

The Queen's Hotel in Cheltenham, known as "the most sumptuous and largest hotel in the realm" when it was built in 1838, was buzzing with activity this week as spy fever gripped the usually sleepy town for the second time in less than 18 months.

Civil Service union officials chose the hotel as their headquarters for the dispute now raging over the ban on union membership at the Government Communications Headquarters (GCHQ). They were followed by the massed ranks of the London media.

"Spies" as always, were thin on the ground until a union meeting late on Thursday when about 1,200 of them, looking very much like young Civil Service employees, confronted the Press at a mass meeting addressed by union leaders.

Most people who live in the Cheltenham area probably know at least one person who works at GCHQ, since it has an estimated 5,000 employees. Most of them work at the imposing building on the outskirts of the town, where a series of satellite communications dishes point skyward.

Meetings with "spies" are sometimes socially awkward, since the reply to the mild question, "And what do you do?" inevitably brings conversation to an abrupt halt for a few moments while you think of something else to talk about.

Few of the people who work there seem to think that the Official Secrets Act is a social disadvantage, except that they cannot talk about their work. Some will admit they have been to America on business, or to other places abroad, but seldom more than that.

The case of Geoffrey Prime, the GCHQ man who was jailed for 35 years for spying, put the centre firmly on the map from a media point of view in 1982, and she—she—government action this week has served to rekindle interest.

Meanwhile there is a view that many employees will be happy to take the £1,000 offered by the Government in lieu of union membership, in order to do mundane things like recarpentering the house. Union leaders have urged people not to take the "jobs money".

It is clear that the proposed use of polygraph lie detector tests at GCHQ is not popular,



John Pennington, national public servants union, outside GCHQ.

and that there will be a backlash, probably in the form of departures from the establishment. Similarly, some of those who feel strongly about retaining their union membership are expected to leave.

Unemployment is not particularly high in the Cheltenham and Gloucester area, and there are a considerable number of other Civil Service establishments where jobs could probably be found.

#### Branded versus generic cigarettes

When Grand Metropolitan, the UK-based brewing, hotels and leisure group, acquired the Liggett Group for \$590m in 1980, the U.S. group's cigarette operations, trading under the Liggett and Myers brand, were anything but blooming.

Over the previous 30 years, the brand's share of the U.S. cigarette market had plunged from around 20 per cent to less than 3 per cent and the industry was just about ready to write-off the Number Six cigarette seller. Liggett, whose other interests include pet foods and soft drinks, had for some time been unsuccessfully trying to sell off its cigarette side.

But since then things have changed—so to the extent that Grand Met announced this week that it was negotiating a multi-million dollar sale of the com-

#### A bullish time for Channel 4

THE bulls within commercial television have been pointing this week to the 7 per cent ratings share taken by Channel 4 in the first week of the New Year. Since its opening week in November, 1982 the channel has pushed above 5 per cent only once before and has never previously reached its present level so it is a significant milestone on the path towards the 10 per cent which has always been the aim.

The credit is due to The Four Postillion's Goldcrest's \$12m mini-series which was televised across the middle of the week and attracted a bigger audience each night: 4.55m on Tuesday, 4.8m on Wednesday, and 4.9m on Thursday.

However the bears in the system say that if only the series had been shown on ITV which would appear to be its natural home, audiences would have been twice as big and probably bigger. After all, The Thorn Birds with a similar Mills and Boon mixture of romance and exotic locations managed to bring in an audience of 11.95m for BBC1.

Behind this Punch and Judy fight between the mini-series lies a more serious battle and one which is by all accounts beginning to make a lot of BBC people veryumpy. It is now seven months since BBC1 managed to take more than 40 per cent of the ratings. This week's figures show only one BBC programme (The Two Ronnies) in the Top 10, and BBC1 has a share of 36 per cent. Fortunately BBC2 with snooker and darts at the top of its list, captured 11 per cent giving the BBC a total of 47 per cent.

The Corporation's difficulty is partly geographical. In London and the south-east there are seven BBC programmes in the Top 10 but the further you go from London, the worse the BBC's showing.

BBC rose states that licence fee negotiations with the Government are jeopardised by any regular split worse than 55:45, so these days the rumours about least five other brands have a go around the circular corridors of the Television Centre at about the same speed as the greyhounds in the White City stadium next door. Will BBC1 contractor Alan Hart return to the Centre? Will TV managing director Aubrey Singer become chairman of the new cable authority? Your money is probably safest on the dogs.

Contributors:  
Lorne Barling  
Paul Taylor  
Chris Dunkley

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Take-over bids and deals

Royal Dutch/Shell launched a \$55 per share offer worth \$2.7bn for the remaining 30 per cent of its U.S. affiliate, Shell Oil. RD/Shell feels that its major Shell operating company should be wholly owned...

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit (£000), Earnings per share (p), Dividends per share (p). Lists companies like Alexander's Disc, Beetham Eng, Bowring, C. T., etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year, Pre-tax profit (£000), Interim dividend per share (p). Lists companies like Abbey, W. G., Allen, W., Aram Energy, etc.

SCRIP ISSUES

Banbros Investment Trust—Scrip issue of one warrant for every ten shares held. Lookers—One for one scrip issue proposed.

RIGHTS ISSUE

Greenwich Cable Communications—Rights issue of 2.5m shares on a one for one basis to raise £1.8m.

Offers for sale, placings and introductions

Associated Energy Services—Placing 1.4m shares on USM to raise £26m. E-Systems—Seeking a listing on the London Stock Exchange.

Bank Return

Table showing Bank Return for Wednesday January 25 1984. Includes Capital, Public Deposits, Bankers Deposits, etc.

ISSUE DEPARTMENT

Table showing Issue Department with columns for Liabilities, Assets, Government Debt, etc.

Australian stake in LPHG

London Private Health Group has reached agreement with Ramsay Hospitals of Australia for Ramsay to subscribe for 2.4m new ordinary shares of 25p each in LPHG at 25p per share...

BIDS AND DEALS IN BRIEF

Vaux Breweries has conditionally agreed to acquire St John's Hotel which owns the St John's Hotel, a 3 star, 210 bedroom hotel in Solihull...

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BASE LENDING RATES

Table showing Base Lending Rates for various banks including A.B.N. Bank, Allied Irish Bank, Amro Bank, etc.

EUROPEAN OPTIONS EXCHANGE. Table with columns: Series, Vol., Last, May, Last, Aug, Last, Stock. Lists options for OILD, GOLD, SILVER, etc.

On January 25 Bensons, acquired the business of XL Crisps from Associated British Foods for £275,000, of which £90,000 represents the cost of the share capital and £185,000 repayment of an inter-company loan.

20 reasons why it would have paid you to answer this advertisement last year. Recommended Recent % change. Fleet Holdings 18p +578%, Second Division 15p +714%, Polly Peck 35p +285%, etc.

Table with columns: Option, Apr, July, Oct, Apr, July, Oct. Lists options for B.P., Cons. Gold, Courtaulds, etc.

LONDON TRADED OPTIONS

Table with columns: Option, Apr, July, Oct, Apr, July, Oct. Lists options for B.P., Cons. Gold, Courtaulds, etc.

PENSION FUND INVESTMENT

It is proposed to publish a survey on the above subject on Tuesday, 21st February 1984. For further details and advertising rates, please contact: Nigel Pullman, Financial Times Ltd.

LADBROKE INDEX

Table with columns: Option, Mar, Jun, Sep, Mar, Jun, Sep. Lists options for Beetham, Base, De Beers, Guest Keen, Hanson, Tesco.

UK CONVERTIBLE STOCK 28/1/84

Table with columns: Name and description, Size (£m), Current price, Terms, Conversion dates, Flat yield, Red yield, Current Premium, Range, Equis Conv, Div, Current Cheap (-) Dear (+) Yield.

STATISTICS PROVIDED BY OASTREAM INTERNATIONAL

Table with columns: Name and description, Size (£m), Current price, Terms, Conversion dates, Flat yield, Red yield, Current Premium, Range, Equis Conv, Div, Current Cheap (-) Dear (+) Yield.



NEW YORK

Table of stock prices for various companies in the New York market, including industries like Chemicals, Electronics, and Pharmaceuticals.

ANNOUNCERS

Table listing various companies and their stock prices, categorized by industry such as Chemicals, Electronics, and Pharmaceuticals.

Stock

Table of stock prices for various companies, including those in the Chemicals, Electronics, and Pharmaceuticals sectors.

Stock

Table of stock prices for various companies, including those in the Chemicals, Electronics, and Pharmaceuticals sectors.

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Table of stock prices for various companies, including those in the Chemicals, Electronics, and Pharmaceuticals sectors.

Wall St continues to drift

After a moderate rally, Wall Street resumed its downward drift yesterday.

The Dow Jones Industrial Average was down a further 4.40 at 1255.29, making a loss of 33.82 on the week.

Declining issues led gains by about seven-to-10. Volume dropped 14.02M to 7.98M, compared with 1 PM Thursday.

One analyst with Purcell Graham and Co. said the market remains concerned about the Federal Budget deficit and is worried that the issue is becoming politicized.

"I don't think there is going to be any action taken on this until after the November election," he said.

Sellers probably entered the market automatically after the DJ index sunk below the 1,235 support level.

Costal Corp. up \$11 to \$354, said that it wished to pay over 50 per cent of Houston National Gas stock at \$88 each.

Bandag fell \$3 1/2 to \$46 1/2. Thursday it reported fourth quarter net profits of \$11.0 a share, compared with last year's \$8 cents.

Technology stocks weakened on a bearish report. Texas Instruments fell \$3 1/2 to \$131 1/2.

Imperial Corp. of America, the largest percentage gainer of the day, moved up \$1 1/2 to \$91.

Houston Natural Gas, which is the object of an unsolicited takeover bid, jumped \$6 1/2 to \$63.

Closing prices for North America were not available for this edition.

Domestic shares prices again firm in moderate activity at the start of the new week.

Switzerland: Domestic shares prices again firm in moderate activity at the start of the new week.

Germany: Share prices ended off session peaks but the Commerzbank stock still reached its fourth record high this week.

Canada: Stocks were fractionally mixed, with the Toronto Composite Index up 3.4 to 2,511.3.

Amsterdam: Despite a lower tendency, enough shares passed steep rises to record a new high.

Tokyo: Late profit-taking wiped out most initial gains but the market average finished at a record high.

Australia: Stocks with interests in the Turco deal were encouraged by strong buying support.

Japan: The All Ordinaries Index shed 1.3 to 765.7.

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South Africa: Stocks with interests in the Turco deal were encouraged by strong buying support.

NEW YORK

Table of stock prices for various companies in the New York market, including industries like Chemicals, Electronics, and Pharmaceuticals.

ANNOUNCERS

Table listing various companies and their stock prices, categorized by industry such as Chemicals, Electronics, and Pharmaceuticals.

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Table of stock prices for various companies, including those in the Chemicals, Electronics, and Pharmaceuticals sectors.

Stock

Table of stock prices for various companies, including those in the Chemicals, Electronics, and Pharmaceuticals sectors.

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Table of stock prices for various companies, including those in the Chemicals, Electronics, and Pharmaceuticals sectors.

CANADA

Table of stock prices for various companies in the Canadian market, including industries like Chemicals, Electronics, and Pharmaceuticals.

DENMARK

Table of stock prices for various companies in the Danish market, including industries like Chemicals, Electronics, and Pharmaceuticals.

NETHERLANDS

Table of stock prices for various companies in the Dutch market, including industries like Chemicals, Electronics, and Pharmaceuticals.

AUSTRALIA

Table of stock prices for various companies in the Australian market, including industries like Chemicals, Electronics, and Pharmaceuticals.

JAPAN (continued)

Table of stock prices for various companies in the Japanese market, including industries like Chemicals, Electronics, and Pharmaceuticals.

SPAIN

Table of stock prices for various companies in the Spanish market, including industries like Chemicals, Electronics, and Pharmaceuticals.

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Table of stock prices for various companies in the Norwegian market, including industries like Chemicals, Electronics, and Pharmaceuticals.

NEW YORK

Table of stock prices for various companies in the New York market, including industries like Chemicals, Electronics, and Pharmaceuticals.

Indices

Table showing various market indices and their performance over time.

NEW YORK

Table of stock prices for various companies in the New York market, including industries like Chemicals, Electronics, and Pharmaceuticals.

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هنا صدقات

FOREIGN EXCHANGES

Dollar improves

The dollar improved in currency markets yesterday on a better than expected U.S. trade deficit in 1988...

The dollar remained under-pledged however by relatively high U.S. interest rates and little indication of a relaxation in Federal credit control.

OTHER CURRENCIES

Table of exchange rates for various currencies including Argentina, Australia, Brazil, Canada, etc.

EXCHANGE CROSS RATES

Table showing cross rates between major currencies like Pound Sterling, U.S. Dollar, Deutsche Mark, etc.

lowest level of the day. Its trade weighted index closed at 81.9 down from 82.0 on Thursday...

THE POUND SPOT AND FORWARD

Table of pound spot and forward rates for various currencies.

THE DOLLAR SPOT AND FORWARD

Table of dollar spot and forward rates for various currencies.

MONEY MARKETS

Further shortage

Day to day credit was in short supply in the London money market yesterday.

The Bank of England forecast a shortage of around £700m with factors affecting the market including maturing assistance and a take up of Treasury bills...

The Bank invited an early round of assistance in view of the size of the shortage and gave help of £253m.

UK clearing banks have leading rate 3 per cent (since October 4 and 5)

UK clearing banks have leading rate 3 per cent (since October 4 and 5) - continued text about bank rates and currency movements.

LONDON MONEY RATES

Table of London money rates for various currencies.

Discount Houses Deposit and Bill Rate

Table of discount houses deposit and bill rates.

FT 930 INTERBANK FIXING

Table of FT 930 interbank fixing rates.

The pound rate is the earliest one, rounded to the nearest one-eighth of one cent and offered for sale...

EURO-CURRENCY INTEREST RATES (Market closing rates)

Table of Euro-currency interest rates for various currencies.

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities.

REVIEW OF THE WEEK

Earthquake pushes zinc to new high

May position during the day on Monday. This rise, which was due to reports, later confirmed, that the Ivory Coast had requested shipment delays because of crop problems...

Another bullish influence on the copper market was Monday's news that LME stocks fell 12,375 tonnes last week, the biggest fall for months.

AMERICAN MARKETS

NEW YORK, January 27. Hearing aid prices continued their steady backslide on indications that product of deliverable quality in high quality, rugged hearing aid...

COMMODITIES AND AGRICULTURE

Table of commodity prices for various goods like metals, grains, oil, etc.

BASE METALS

Amalgamated Metal Trading reported that the morning's higher Gold traded at \$365.50 (three months)...

INDICES

Table of various market indices like Dow Jones, S&P 500, etc.

LONDON OIL SPOT PRICES

Table of London oil spot prices for various grades.

GOLD MARKETS

Gold rose 32 on ounce from Thursday's close in the London market yesterday.

GAS OIL FUTURES

Table of gas oil futures prices.

LONDON FUTURES

Table of London futures prices for various commodities.

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Table of tin prices.

LEAD

Table of lead prices.

ZINC

Table of zinc prices.

ALUMINIUM

Table of aluminium prices.

POTATOES

Charter sailing long liquidation and fresh market potato moved...

RUBBER

The London physical market opened above unchanged, steady and closed quiet...

COFFEE

January 2080.00 -18.0 2085.00 March 2085.00 -18.0 2090.00...

WHEAT FUTURES

SYDNEY GREASY WHEAT - Close 41.00 -0.25 40.75...

NEW YORK

Table of New York market prices for various commodities.

CHICAGO

Table of Chicago market prices for various commodities.

SOYABEAN MEAL

Table of soyabean meal prices.

HEATING OIL

Table of heating oil prices.

WHEAT

Table of wheat prices.

PLATINUM

Table of platinum prices.

SPRICES - CHEAP

Table of various other market prices.







### Vatican bank makes disposal

By James Buxton in Rome

ISTITUTO per le Opere di Religione (IOR), the Vatican Bank, which is expected shortly to make an ex gratia payment to the liquidators of the defunct Banco Ambrosiano, has sold its stake in one of Italy's leading construction companies, Vianini.

Vianini, yesterday, confirmed that three blocks of shares, accounting for 75 per cent of the capital of Vianini, have been sold to a Roman construction group headed by Sig. Franco Caltegrone.

The IOR held 32 per cent of Vianini, and Etanfina, a finance company, held 20 per cent. Another 23 per cent is owned by Immobiliare Tirrens, chaired by the current chairman of Vianini, Sra Anna Carolina Morelli.

The value of the deal, involving about 6.2m shares, is not known, but could be in excess of £50m (\$29m) of which IOR and Etanfina would receive more than £24m. The shares, which are quoted on the Rome stock exchange, closed at L5,400 today, but it is believed that the price at which the IOR sold the shares was higher than this.

IOR needs to raise money if it is to make a payment to the liquidators of Banco Ambrosiano in respect of the debt incurred by the bank on loans to phony companies guaranteed by IOR. The Vatican denies any liability but is expected to make a "goodwill" payment of about \$230m, which will help meet the claims of the creditors of Banco Ambrosiano overseas subsidiaries.

It is attempting to raise a loan for in excess of this. Vianini is Italy's fourth largest construction company, with turnover of £388m in 1982. Yesterday Vianini stressed that its new owners had nothing to do with Sig. Franco Caltegrone, another Roman construction magnate whose company was involved in political and financial scandals some years ago.

### Coastal launches \$1.3bn bid for Houston Nat. Gas

BY PAUL TAYLOR IN NEW YORK

COASTAL, THE U.S. refining, marketing and gas transmission group, has launched a \$68 a share bid, worth \$1.3bn for Houston Natural Gas, another oil and gas pipeline operator.

Coastal, which already owns more than 5 per cent of Houston Natural, is making a tender offer for more than 45 per cent of the outstanding 41m shares. This would lift its stake in the company to 50.7 per cent. The offer values Houston Natural at around \$2.5bn.

Mr Oscar Wyatt, chairman and chief executive, explaining the logic of tender offer said, yesterday, that a merger between the two companies "would be highly desirable and would result in a financially sound and well balanced company."

He added that the price represents "a significant premium over recent market prices" for Houston Natural's shares, which closed \$5.50 higher, at \$58.375 a share, in trading on Thursday.

Coastal had profits of \$65.6m on revenues of \$5.8bn in 1982 and reported an earnings surge in 1983, it had been widely expected to make a bid for another oil and gas company following its failed bid last year for Texas Gas Resources when

it was beaten in a bid battle by CSX. It emerged from the battle with CSX with a \$18m peace payment from CSX, \$400m in cash reserves and a \$600m line of bank credit.

A merger between the two companies is seen by industry analysts as a natural fit. Coastal is believed to want to expand its own proven oil and gas reserves and Houston Natural's existing reserves and 4,950 mile Texas Gulf Coast area would transmission network in the enhance coastal's own reserves and system and provide additional feedstock

McDonnell Douglas posts 28% advance  
By Terry Byland in New York  
McDONNELL DOUGLAS, the civil and military aerospace group, posted a 28 per cent gain in net earnings to \$274.9m or \$6.91 a share last year, up from \$214.7m or \$5.44. Sales rose from \$7.3bn to \$8.1bn.

The profits improvement came from higher volume sales, cost reductions and increased productivity, the board said, with most of the sales gain coming from the combat aircraft divisions.

In the final quarter, the group posted earnings ahead from \$80.9m or \$1.54 a share to \$21.6m or \$2.07 on sales of \$2.1bn against \$1.9bn. Profits will be adversely affected this year and perhaps in 1985 by costs linked to the protracted strike at McDonnell's plant at Long Beach, California.

### Sentrachem to sell PVC interests

By Jim Jones in Johannesburg

SOUTH AFRICA'S second largest chemicals group, Sentrachem, says it sees no possibility of an improvement in the domestic polyvinyl chloride (PVC) market. As a result it is to sell its 40 per cent interest in the Coalex PVC plant to the plant's 60 per cent controlling shareholder AECI for R60m (\$47.5m).

Coalex, which produces PVC from synthacrite and salt, was commissioned in 1978 at a cost of R330m but has never contributed to Sentrachem's profits, largely because the PVC market did not develop as originally expected. Coalex's production figures have not been disclosed.

Sentrachem financed its interest in Coalex with debt, whereas AECI used equity funds. Rising interest rates have placed an already heavily borrowed Sentrachem in the untenable position.

Coalex is not generating profits and Sentrachem expects the PVC market to deteriorate further, with increased competition as import controls are replaced by duties.

Sentrachem will suffer a loss of R3m on the book value of the sale. However, reinvestment of the funds, coupled with the sale of other trading assets, is expected to compensate for this within a year.

Sentrachem will continue to have access to its share of Coalex's chlorine and caustic soda byproducts while AECI is expected to rationalise operations of the PVC plant with those of its other production units.

In the year to June 1983 Sentrachem's turnover was R700m while in 1982, the last financial year for which figures are available, AECI's turnover was R1.55bn.

### Sharp cut in loss at National Steel group

BY TERRY DODSWORTH IN NEW YORK

NATIONAL INTERGROUP, parent of National Steel, the fourth largest U.S. steelmaking company, reduced its losses sharply last year to \$154.3m or \$8.33 a share, compared with \$462.8m or \$24.77, in 1982.

The figures were once again sprinkled with special items as a result of the extensive reorganisation the company is going through. A charge of \$12m was made last year against additional losses at Weirton Steel, which was disposed of to a workers' cooperative.

There was also a \$55.6m write-off for the liquidation of the group's interests in National Pipe and Irons and Coal. National also made an extraordinary gain of \$22.1m on a debt for equity swap.

In 1982, the losses included a net charge of \$209.4m for the sale of the Weirton division, and \$109.7m for the write-off or sale of other idle facilities.

Operating profits last year were \$27.1m, against last year's \$225.2m in 1982. These figures include the effect of liquidation of stocks, valued on the last-in-first-out (LIFO) method, amounting to \$34.3m last year and \$106m in 1982.

The figures indicate that there was a steady continuation of the recovery into the fourth quarter when National earned \$17.6m, before the special charges of \$55.6m, compared with a \$58m loss in the same quarter of 1982, before special charges of \$229m.

Sales for the year were little changed, \$8.6m in 1983, with a contribution of \$764.3m (\$647.7m) in the first quarter. A similar trend was shown at LTV, the third largest U.S. steel producer, which has agreed to acquire Republic Steel. Losses in the fourth quarter of 1983 fell from \$95.1m to \$7.5m or four cents a share.

Losses for the year, however, were still higher at \$180.7m against \$164.9m. Sales slipped from \$4.8bn to \$4.6bn, with \$1.5bn (\$907.4m) in the latest quarter.

### Troubled brewery wins time

By William Chislett in Mexico City

CERVECERIA Moctezuma (Cormoc), the troubled Mexican brewery, one of its international creditors, Northwest National Bank (Norwest), Minneapolis, yesterday agreed to postpone, for two weeks, court hearing sought by bank to have the company declared bankrupt.

The brewery, with external debt of \$300m, said that it would, itself, suspend payment of debt until a counter-move had been made ahead with its bankruptcy proceedings on January 31. The issue is being closely followed by foreign banks who are alarmed by Norwest's line of ranks. Debted companies have been driven to pay by the heavy devaluation of the peso which has cut external debt servicing costs skyrocket. But so far there has been no casualties. Cervecería, however, is in a delicate position.

Total expects upturn  
Compagnie Francaise Petroles, parent of the Total group, is expected to see a sharp improvement in financial performance for 1983, after the FF 1bn (\$120m) loss year before.

A recovery in refining and distribution business in the U.K. helped the company's performance in 1983. It has been an upturn in downstream operations in West Germany and the UK.

However, Total's refining and distribution businesses in France and Italy continue to drag down the group's financial performance.

### AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst, High Income, and others with their respective values and performance metrics.

### FT UNIT TRUST INFORMATION SERVICE

Table listing FT Unit Trusts such as Crown Unit Trust, Government Unit Trust, and others with their respective values and performance metrics.

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### INSURANCES

Table listing various insurance companies and their services, including AA Friendly Society, Abbey Life Assurance, and others.







هكذا صنعنا القوم

INSURANCE & OVERSEAS MANAGED FUNDS

Price as at Jan 25, 1978. All prices in £/100 unless otherwise stated. P.O. Box 96, Geneva.

Main table containing financial data for various insurance and overseas managed funds, including company names, fund names, and numerical values.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas managed funds, including fund names and numerical values.

Prices are in pence unless otherwise indicated and are designed to be with a profit after US... (Additional text at the bottom of the page regarding fund pricing and performance.)









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Table of stock prices for various mining companies, including sections for 'Australians' and 'Miscellaneous'.

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Unless otherwise indicated, prices and net dividends are in pence and...

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Table of regional and Irish stocks with columns for stock name, price, and other details.

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Table of financial data including interest rates and other metrics.

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Table of property stock prices.

INSURANCE

Table of insurance stock prices.

LEISURE

Table of leisure stock prices.

Main table of stock prices on the left side of the page, covering various sectors.

Main table of stock prices on the right side of the page, covering various sectors.



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MAN IN THE NEWS

Saddled with a hot seat

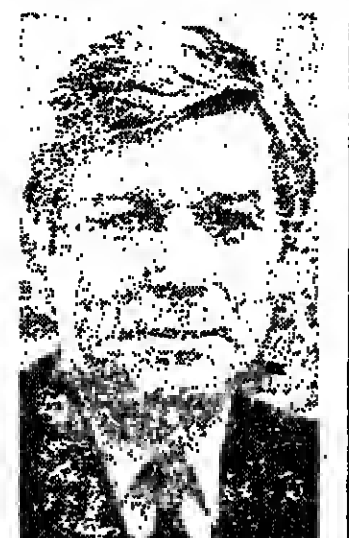
BY RAY MAUGHAN

Michael Gifford is not one to use a metaphor if a down-beat, guarded answer will do. But, when asked where Rank Organisation stands and where it expects to go, the office equipment, leisure and film group chief executive will say that "we had fallen off our bicycle and we have got to get back on the road."

He is in the hot seat because Rank Organisation's big City shareholders told his predecessors very firmly last Spring that they would only tolerate somebody who could stay in the saddle and use the group's enormous assets to provide real long term growth.

Gifford, a tall grey haired manager from Cadbury Schweppes, is the executive of Rank executives chose last summer to race for the yellow jersey.

He has had the title for five months and says emphatically that he is enjoying every minute of the challenge. His own perception of the group, once he



Mr Michael Gifford

started his own homework after the approach from the headhunters, provides the most honest clue to the scale of Rank's problems. In his own words, "a very substantial contribution of the group's income comes from Rank Xerox, the office equipment group, over which Rank Organisation has no overall day to day control."

"The rest of the group, which Rank Organisation itself manages, earns very poor returns which have been falling persistently. The startling thing is we are making profits of only £38.2m before an interest bill of £25.6m."

Finally, he says, "we have a very large number of very small businesses and it's difficult to see how they feed on each other's ability."

He presided his first preliminary statement of accounts on Tuesday for a period to October 31 which covered just two months of his stewardship. For the year to March, profits rose from £62m in 1983 and, most importantly, management has managed to cut average borrowings by £94m.

Next month, Gifford at Xerox's request is to look over the whole of the photocopier group's operation in the U.S. He scratches any suggestion that Xerox, which provides so much of Rank's profits, has any kind of secret agreement with the UK company. "There is no reason to suppose that we have other than a perfectly straightforward business relationship with Xerox."

True, "the interesting point about the agreements is not what they say but whether they are likely to change in the future. But speculation is slightly barren. If you want to bid for Rank then go and make an offer to Xerox."

The new strategy will not be coming over the wires until Gifford has got the changes firmly buttoned down. It is fair to assume that the integrated Rank operation which spans film laboratories, studios and distribution will not be broken—"why take a piece out of the jigsaw—but much else could be up for sale or closure."

He is in the spotlight because Rank is one of the largest companies where the institutions, the owners of the business, have pressed successfully for management change. The heat is turned up because, in today's feverish stock market, Rank remains a potential bid candidate.

Gifford, on the outside at least, remains unperturbed. He insists that he is allowed to take his weekends with his family in the Kentish Weald and, otherwise enjoys little outside distraction. His chairman, Sir Patrick Meany, is a member of Harlequin and the Sportsman Club but with a rare show of emotion, Gifford stabs his desk and declares that "this is my sport."

Bristol seeks £55m for port debts

BY ROBIN REEVES, WELSH CORRESPONDENT

BRISTOL CITY COUNCIL yesterday unveiled plans to raise a loan of about £55m on the London money market to deal with a financial crisis caused mainly by soaring costs at its Avonmouth port complex.

The loan, to allow Bristol to restructure its debts, would be for three years, pending repayment from the sale of up to £100m of the city's considerable capital assets. The plan has been approved by the Department of the Environment.

The cash would be used to reduce the growing burden of the port's losses and debt charges on Bristol ratepayers, undertake capital investment to strengthen the port's competitiveness, and to provide resources for an attack on unemployment in central and south Bristol. It is hoped that this last expenditure would be matched by aid from the EEC Social Fund.

Mr Bob Wall, Conservative leader of the Council, who is attempting to win council approval for the plan, warned that the only alternative was a 51 per cent rate rise in 1984-85 and given "rate-capping" beyond that, forced action including the severe curtailment of all non-statutory council services.

On the other hand, acceptance by the council—where the Tories do not have an overall majority—would enable next year's rate to stay unchanged and provide a breathing space to get the city's finances in order.

Bristol port's debts arise principally from the Royal Portbury Dock which opened in 1978 at the cost of £40m. Operating losses which are expected to double over the next 12 months to at least £4m, are already costing Bristol

ratepayers £10m a year or 17p in the pound. This is more than half the city's total rate. In the next financial year, the docks rate requirement, including losses and capital repayment, is forecast at £12.7m, an increase of 27 per cent if no action is taken.

Closure of Bristol's port is ruled out because many local authorities depend on its facilities. It would also involve the council in heavy competition claims and lead to an estimated loss, directly and indirectly of some 20,000 jobs.

Instead, council leaders propose to restore viability by fresh capital investment of £20m in the old Avonmouth docks, notably £7m on modernising 80-year-old lock gates. In the long term £45m investment is proposed at Royal Portbury to maintain the gradual growth in demand for its more modern facilities.

It also wants the Government to create a Severn Ports Development Zone including the South Wales ports as a device to provide Bristol with access to cheap EEC funds for the proposed capital investment programme.

The port package is being coupled with a demand for the Government for Avonmouth to be given assisted area or enterprise zone status along with South Bristol which has unemployment pockets of up to 30 per cent.

Mr Wall, who had just returned from Brussels, said EEC officials were sympathetic to Bristol's proposals for spending a total of £26m over three years on job creation and training schemes for some 5,500 people in areas with high unemployment. He understood Social Fund finance could again be available given UK government approval.

Bill aims at £150m regional aid cut

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE GOVERNMENT is seeking to save almost half this financial year's £440m earmarked for spending on automatic regional development grants.

The Co-operative Development Agency and Industrial Development Bill, published yesterday, which enacts the provisions of last December's White Paper on regional aid policy, shows that the Government believes it can cut RDGs by between £150m and £200m a year.

The Bill admits that some of this reduction might be offset by increased selective assistance, which this year is expected to rise to £85m from £80m in 1983-84.

The eventual financial outcome is unclear, the Government says, but it admits the review of regional policy "is likely to lead to a significant reduction in planned expenditure on RDGs."

The amount spent on financial aid to the assisted regions has been falling lower than in 1974

and by the end of the current financial year will be down by a half.

Not all this drop can be laid at the door of the Conservative Government. It was falling off during the last years of the Labour Government in 1978-79.

The Government's plans were immediately attacked by Mr Paddy Ashdown, Liberal spokesman on trade and industry in the Commons. He said the move "will be greeted with a mixture of disbelief and despair

in some of the poorest areas in Britain."

"This shows clearly that the Government is at best a lukewarm supporter of regional policy."

The Bill also doubles the Government's lending powers to the Co-operative Development Agency to £3m although it expects the annual rate of grants to continue at £200,000. It also gives the Government powers which will make it easier for it to dissolve the agency should it decide to do so.

Insolvency law to be reformed

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT will act to reform the law on insolvency before it tackles proposals to be implemented in the Government report on investor protection.

A White Paper next month will suggest the outlawing of "cowboy" liquidators and receivers, tighter controls over irresponsible directors and a simplification of procedures for companies in trouble.

These proposals will cover many, though not all, of the recommendations in the wide-ranging report on insolvency law published in June 1983, by a committee led by Sir Kenneth Cork.

One aim will be to try to

stamp out the practice of some companies which take money from the public, go bankrupt before supplying the goods and then re-open immediately under a different name with the connivance of rogue liquidators.

The Bill to implement these proposals will be introduced in the 1984/85 session.

Ministers are considering two options in response to the report on investor protection from Prof Jim Gower.

One possibility is a short Bill, including provisions to tidy up the present law. In the 1984-85 session, though it would have to wait in the Parliamentary queue behind the insolvency Bill.

The alternative, and more likely, course is a White Paper in the second half of this year preceding legislation reforming the present securities law in 1985-86.

Ministers seem inclined to wait longer to see how the current shake-up in the structure of City financial institutions develops.

They do not want any premature proposals for a new system of self-regulation for City markets. At present, ministers and officials are holding informal talks with City institutions about the Gower proposals.

Company failures, Page 5

Government union ban may hit talks with TUC

By David Brindle and John Lloyd

THE FEATURE of the delicate relationship between the Government and the TUC has been put at risk by the banning of unions at the Cheltenham communications centre.

The anger of trade union leaders on the issue was typified yesterday by uncharacteristically outspoken comments from Mr David Bassett, general secretary of the General Municipal and Boilermakers' Union and a key figure on the TUC general council. He said: "This must prejudice the discussions with the Employment Secretary and it must also prejudice wider discussions."

"The offence is so gross that it cannot be accepted. The Government's outrageous action in this denies the right of free trade unions to exist."

The finance and general purposes committee, the inner cabinet of the TUC, will meet on Monday to discuss the ban. Mr Alan Sapper, general secretary of the civil technicians' union ACTU, will propose a formal break with the Government over the ban, which he said was "dangerous for everybody the Government deems to be in areas of national security."

Mr Sapper, a left-winger, would not normally command majority support. But the strength of feeling on both left and right could unite the two wings behind a dramatic gesture.

Talks between Mr Tom King, the Employment Secretary, Mr Len Murray, the TUC general secretary, and Mr Bill Keys, general secretary of Sogat '82, on the future of the unions Labour Party loyal on their members are thought to be near a conclusion. Mr Murray and Mr Keys had hoped to be able to recommend a voluntary package to the TUC employment committee on February 15.

Last night, Mr King tried to defuse the row. Speaking in Bristol, he elaborated the Government's case for its action over the communications centre and declared that it was "not in any sense some undercover assault on trade unionism in the Civil Service or elsewhere." Only the "special nature of the work at GCHQ" led to the decision.

Unrest among civil servants continued with walk-outs and half-day strikes again yesterday at various Government departments, including companies House in Cardiff, the Driver and Vehicle Licensing Centre in Swansea and Customs and Excise in London.

In a rare display of militancy, staff at the Home Office staged a half-day stoppage and about 100 of their colleagues from the Cabinet Office and the Treasury delivered a petition to 10 Downing Street condemning the "ominously undemocratic treatment" of workers and is expected to consider calling a one-day strike of all civil servants. There will also be a proposal to pull out of a long-term structure for pay review.

Thatcher rules out Falklands mediation

BY JAMES BUXTON IN ROME

MRS MARGARET THATCHER, yesterday ruled out mediation by any third country to help re-establish relations between Britain and Argentina in the wake of the Falklands conflict. She would prefer Britain to have direct contacts with Buenos Aires, she said.

The Prime Minister was speaking in Rome after meeting Sig Bettino Craxi, Italy's Socialist Prime Minister. Reports earlier in the week had suggested that Sig Craxi might act as an intermediary between Britain and Argentina. He said yesterday: "I am limiting myself to expressing my opinion, both to my friend the Argentine Government and to the British Government."

Mrs Thatcher said that as long as Argentina maintained a state of hostilities with Britain—which she called astonishing

—Britain could renew only commercial links with Buenos Aires. Only if Argentina ended the state of hostilities could the two countries re-establish diplomatic ties.

While it was not possible to establish more friendly relations with Argentina, it was pointless to talk of mediation, she said.

It is understood, however, that Argentina may soon make proposals to Britain on bridging the gap between the two countries. Italy's close ties with Argentina could be useful.

In particular Britain would like the Argentine Government to allow the British diplomats based in the British interests section of the Swiss Embassy in Buenos Aires to have direct contact with the Argentine authorities to speed up communications.

Both Mrs Thatcher and Sig

Craxi said their talks had been "friendly and very constructive." Only a "very brief part" had been devoted to the Falklands question, the British Prime Minister said.

Additionally Mrs Thatcher said she had made clear to Sig Craxi that Britain would not allow an increase in the EEC budget "unless there is a fair and equitable sharing" of the burden.

On Lebanon the two Prime Ministers stressed their common desire for a greater role for the United Nations in peacekeeping there.

In Buenos Aires yesterday, Sr Dante Caputo, the Foreign Minister, restated Argentina's willingness to seek a peaceful solution to the Falklands dispute but urged the British Government to clarify its position.

CHIEF PRICE CHANGES YESTERDAY  
(Prices in pence unless otherwise indicated)

| RISES            |          | FALLS            |          |
|------------------|----------|------------------|----------|
| Applied Computer | 585 + 30 | Ashley Ind'l Tst | 19 - 9   |
| Benson's Crisps  | 108 + 15 | Hallite          | 200 - 51 |
| Bett Bros        | 52 + 5   | Leyland Paint    | 181 - 31 |
| Canoing (W.)     | 104 + 18 | Maynards         | 245 - 20 |
| ICG              | 144 + 15 |                  |          |
| Fleet Higgs      | 137 + 5  |                  |          |
| GRA Group        | 81 + 54  |                  |          |
| Greenwich Cable  | 68 + 13  |                  |          |
| Hampton Trust    | 33 + 4   |                  |          |
| Ingram (Harold)  | 408 + 50 |                  |          |
| Melins           | 50 + 6   |                  |          |
| Roschaugh        | 345 + 22 |                  |          |
| Rosmore Motors   | 260 + 18 |                  |          |
| Strong & Fisher  | 225 + 10 |                  |          |
| Suter            | 109 + 7  |                  |          |

WORLDWIDE WEATHER

| UK today, Rain spreading from the West. Gales in North-West. In the East, mist and fog will clear to give hazy sunshine. |         | UK today, Rain spreading from the West. Gales in North-West. In the East, mist and fog will clear to give hazy sunshine. |         |
|--------------------------------------------------------------------------------------------------------------------------|---------|--------------------------------------------------------------------------------------------------------------------------|---------|
| Y day                                                                                                                    | today   | Y day                                                                                                                    | today   |
| Algeria                                                                                                                  | C 15 22 | Madrid                                                                                                                   | F 15 22 |
| Amman                                                                                                                    | C 15 22 | Moscow                                                                                                                   | F 15 22 |
| Amsterdam                                                                                                                | C 15 22 | Nairobi                                                                                                                  | F 15 22 |
| Antwerp                                                                                                                  | C 15 22 | Paris                                                                                                                    | F 15 22 |
| Bahra                                                                                                                    | C 15 22 | Rome                                                                                                                     | F 15 22 |
| Bangkok                                                                                                                  | C 15 22 | Sydney                                                                                                                   | F 15 22 |
| Bombay                                                                                                                   | C 15 22 | Tokyo                                                                                                                    | F 15 22 |
| Buenos Aires                                                                                                             | C 15 22 | Washington                                                                                                               | F 15 22 |
| Calcutta                                                                                                                 | C 15 22 | Zurich                                                                                                                   | F 15 22 |
| Cardiff                                                                                                                  | C 15 22 |                                                                                                                          |         |
| Chennai                                                                                                                  | C 15 22 |                                                                                                                          |         |
| Cairo                                                                                                                    | C 15 22 |                                                                                                                          |         |
| Canberra                                                                                                                 | C 15 22 |                                                                                                                          |         |
| Colombo                                                                                                                  | C 15 22 |                                                                                                                          |         |
| Copenhagen                                                                                                               | C 15 22 |                                                                                                                          |         |
| Dublin                                                                                                                   | C 15 22 |                                                                                                                          |         |
| Hong Kong                                                                                                                | C 15 22 |                                                                                                                          |         |
| London                                                                                                                   | C 15 22 |                                                                                                                          |         |
| Lyons                                                                                                                    | C 15 22 |                                                                                                                          |         |
| Manila                                                                                                                   | C 15 22 |                                                                                                                          |         |
| Mumbai                                                                                                                   | C 15 22 |                                                                                                                          |         |
| New Delhi                                                                                                                | C 15 22 |                                                                                                                          |         |
| Osaka                                                                                                                    | C 15 22 |                                                                                                                          |         |
| Perth                                                                                                                    | C 15 22 |                                                                                                                          |         |
| Rangoon                                                                                                                  | C 15 22 |                                                                                                                          |         |
| Seoul                                                                                                                    | C 15 22 |                                                                                                                          |         |
| Singapore                                                                                                                | C 15 22 |                                                                                                                          |         |
| Taipei                                                                                                                   | C 15 22 |                                                                                                                          |         |
| Tel Aviv                                                                                                                 | C 15 22 |                                                                                                                          |         |
| Tokyo                                                                                                                    | C 15 22 |                                                                                                                          |         |
| Yokohama                                                                                                                 | C 15 22 |                                                                                                                          |         |

Ministers

interests of national security and planning of large investment projects which the private companies would have to undertake.

Over the five-year period the Cabinet committee's paper envisages a steady disposal of state assets at the rate of about £2bn a year. These accelerated plans for disposals will be written into the Public Expenditure White Paper, to be published early next month.

In the current year the major disposal will be the first tranche of the 51 per cent share of British Telecom.

The Telecom sell-off is expected to raise a total of about £4bn with payment spread over two, or possibly three, financial years.

The sale of Enterprise Oil, for perhaps £400m, is planned this year.

For future years the timetable does not allocate particular "slots" for each sell-off, but lists the assets in a rough order.

The list of candidates is substantially the same as the City has been expecting.

It includes all or part of British Telecom, Enterprise Oil, British Airways, the Royal Ordnance Factories, BL's Jaguar and Umpart subsidiaries, the Naval shipyards, Sealink, the National Bus Corporation, Trustee Savings Bank, British Airports Authority, gas and electricity and British Nuclear Fuels.

THE LEX COLUMN

The band wagon keeps rolling

The London equity market is showing the most stubborn determination to carry on rising. Towards the end of the week it began to look as if the bulls were at last losing their enthusiasm. But, as soon as trading for the new account opened late yesterday afternoon, the buyers were back in action lifting the FT All-Share Index to yet another record.

There is still no discernible pattern to the market's movement. Blue chips and secondary stocks have been equally blessed and on Wednesday Contracting and Construction earned the distinction of being the only equity sub-section not to show a gain.

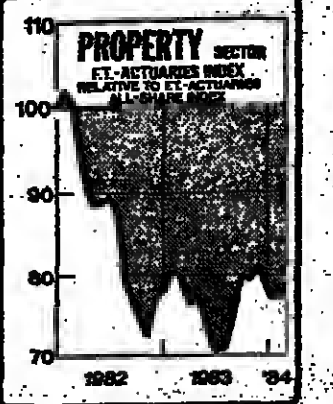
The market also appears impervious to news, whether good or bad. The fact that Wall Street is in the doldrums has failed to deter investors in London, while the publication of remarkably impressive current account figures for December produced little more than a yawn. The firm undertone is all the more remarkable given that arguments which were being used to justify rising equity values earlier in the year are now looking played out.

The dividend season in the gilt-edged market, which helped to fuel the earlier gains in equities, is now well past its peak and if anything institutions should be building up reserves for the floatation of Reuters and British Telecom. The strength of corporate cash flow must by now be well discounted, as should the prospect of double-digit growth in dividends this year.

The absence of any obvious explanation for the rising market—beyond the familiar take-over talk and U.S. buying—may seem to the fund manager as good a reason as any for buying. Cilt-edged, after all, seem imprisoned in a narrow yield range which, since the early autumn, has extended from 10 to 10.5 per cent at the long end. Short-term interest rates are currently giving no guide to the future direction of gilt-edged and, even if the market did try to break into new ground, it would soon run into a wall of unsold Government stock. The forthcoming Budget is already giving the faint-hearted an excuse for their caution, so a policy of staying put now looks even respectable.

In equities, by contrast, no such ceiling has been detected. At the beginning of the year, the yield difference between the

Index rose 4.4 to 839.5



£3m a year straight through—since Land has no liability for mainstream tax. Moreover, there are rent reviews coming up on Euston Centre's main asset, a 12 acre office complex in the Euston Road, so that an immediate net return of 10 per cent on Land's investment should rise rapidly enough to compensate for any refurbishment expenses. Land was also able to make a comfortable turn on Wimpey's holding in Stock Conversion—sold to Land as part of the parcel.

For Wimpey, the disposal of Euston Centre formed part of a deck-clearing programme, foreshadowed in its last annual report when the investment went into its balance sheet at a 40 per cent discount. The divorce from its former partner in Euston, Stock Conversion, is not quite absolute, but Stock's purchase yesterday of Wimpey's interests in two more of their joint ventures is evidence of a decree nisi.

All-Share and index-linked gilts was already looking thin and since then the market has advanced by 7.3 per cent.

Property

The property sector was one of the better performers of 1983, when its 30 per cent rise comfortably outpaced the All Share closing the sector's discount against net assets from over 40 per cent to somewhere in the middle twenties. Yet property shares have not accompanied the rest of the market in its flying leap into 1984, despite a generally positive flow of news about office lettings—a pre-requisite of further progress in the sector now that the prolonged retail spree has been relatively well discounted in the value of shop premises.

The caution may be partly explained by the widening gap between the supply of London office property and the rate at which it is being taken up. There is apparently something in the region of 5m sq ft overhanging the demand for London office space—a fact which tends to limit actual achievement of better rentals to those who can offer favoured locations and higher-quality buildings. And there are some prime developments hanging around unlet, even in the heart of the city.

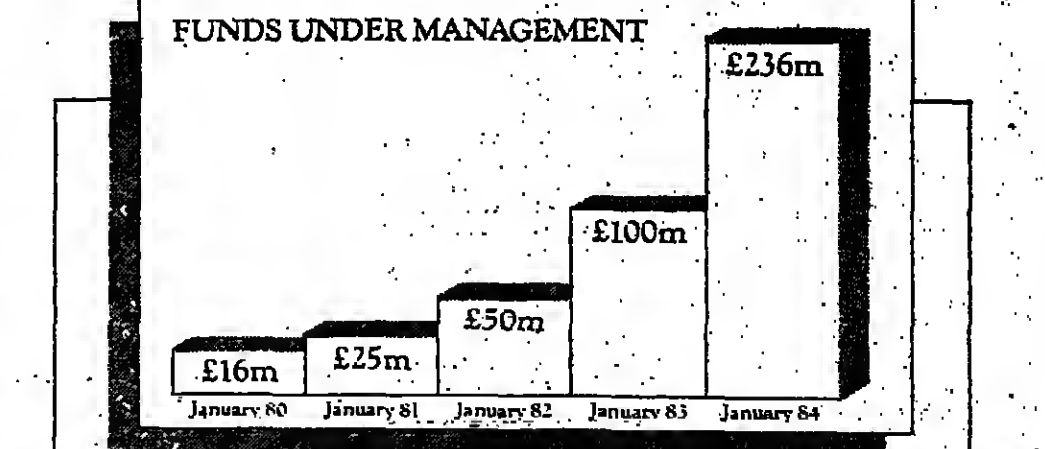
It may be partly because this background is a bit chequered that British Land has now been able to buy Wimpey's half share in Euston Centre Properties for as little as £31.5m—no much more than half the book value of the assets. It is certainly an extremely good deal for British Land, which will be able to pass gross dividend income of

Pleasurama/AL

The proposed bid terms from Pleasurama for Associated Leisure contain a larger cash element than was perhaps expected. Pleasurama has sensibly decided to resurrect the issue of new paper to a level which, on a pessimistic view of the current year, will have a neutral effect on earnings-per share after an increase in the share price of 32 per cent.

Of the £36.6m cash element, Pleasurama will be borrowing some £15m. Together with the £5.5m of debt incurred by Associated Leisure through the Shearings acquisition, this would produce a ratio of debt to shareholders' funds for the merged group of 44 per cent. Given the cash generating power of the two companies, it should be possible to pay off at least half of that from current year cash flow.

Pleasurama's closing price yesterday of 322p (down 2p) puts the value of the bid at £63.5m, with AL's exit p/e at 14, on actual '83. The AL price fell 3p to 147p, against an implied bid price of 152p, so the market evidently has no thoughts at present of a counter-bid. For Pleasurama, meanwhile, the deal offers the possible benefits of an increase in marketability for a tightly-held share, and perhaps an increase in institutional interest in a company no longer purely casino-based.



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